DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MARCH 20, 1986.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

WITNESSES

DIANE K. STEED, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATOR

JEFFREY MILLER, DEPUTY NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATOR

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ADELE SPIELBERGER, ASSOCIATE ADMINISTRATOR FOR PLANS AND POLICY

BARBARA D. KERNAN, ASSOCIATE ADMINISTRATOR FOR ADMINISTRATION.

OPENING REMARKS

Mr. LEHMAN. The Subcommittee will come to order.

This morning we will receive testimony on the fiscal year 1987 budget request for the National Highway Traffic Safety Administration.

Our principal witness today is Ms. Diane K. Steed, the Administrator.

Ms. Steed, thank you for remaining flexible with us. As you know, our Committee plans to mark up an urgent supplemental bill today, and I appreciate your cooperation.

Ms. Steed, we will be pleased to hear your statement at this time. You may read it, or if you would prefer to summarize it, we shall insert your entire statement in the record.

INTRODUCTION OF WITNESSES

Ms. STEED. Thank you very much, Mr. Chairman. Let me, introduce my colleagues. I think you know most of them, but let me identify them quickly for the record. If I could start on my left we have George Parker, Associate Administrator for Enforcement.

Next to him is Barry Felrice, Associate Administrator for Rulemaking, George Reagle, Associate Administrator for Traffic Safety Programs, Erika Jones, our Chief Counsel, and Jeff Miller, Deputy Administrator.

To my right is Howard Smolkin, Managing Director. To his right is Adele Spielberger, Associate Administrator for Plans and Programs; Mike Finkelstein, Associate Administrator for Research; and Barbara Kernan, our new Associate Administrator for Administration.

FATALITY TRENDS

If I might, I will just summarize briefly, and hit some of the highlights over the last year. I am very pleased this morning to say that preliminary data on the 1985 fatality rate shows a decline, to an alltime low of about 2.50 fatalities per hundred million vehicle miles travelled.

We estimate that the number of people who died in traffic crashes actually decreased slightly in 1985, and that decrease was in the face of a steadily rising number of vehicle miles travelled.

We know that many more surely would have died, if our safety efforts had not been stressed throughout the nation. This record of declining highway fatalities in five of the last six years is a record in which all of us can take great pride.

ANTI-DRUNK DRIVING PROGRAMS

I will just hit a few of the highlights that in part account for some of this decrease. In the anti-drunk driving programs, we are beginning to see in our statistics an actual decrease in the number of people killed.

We are seeing the number of fataliy injured drivers who were intoxicated at the time of their crash actually dropped about 24 percent between 1980 and 1984, a very dramatic decline. That decline is due to such things as greater public awareness, tougher State laws, stricter enforcement, and a decline in the population of young drivers. As far as the age 21 laws go, 15 States have enacted age 21 laws since the statute was passed. That means 38 States now have laws setting 21 as the minimum drinking age.

In those States that have raised the drinking age, we are seeing a decline in the involvement of young people in fatal accidents, about a 13 percent decline, and we are very pleased with that.

The final rule in the age 21 process is nearly through the clearance process. We expect to issue it in the very near future.

The 408 Program we think is working as intended. Since 1984, seventeen States have qualified for the basic grants and 14 States have qualified for supplemental grants.

SAFETY BELT USAGE PROGRAMS

If I can move quickly on to the safety belt programs; here we have seen considerable momentum across the country.

Twenty States and the District of Columbia have enacted safety belt laws and another State enacted a law which has not been signed by the Governor.

In those States that have enacted belt-use laws, we see usage rates double or triple from their original levels, and generally we are seeing fatalities decline in those States.

If I can use New-York as an example, New York's fatalities dropped 17 percent in the first nine months of its law. Serious head injury to vehicle occupants also dropped by about 8,000.

In six States where safety belt use laws have been in effect for several months, we see that there were fewer front seat passenger vehicle fatalities. This decline translates into a savings of more than 200 lives.

Belt use throughout the nation is also increasing, in part as a result of the debate on belt-use laws, and as a result of belt-use laws being put in place.

In our nineteen city survey, belt use is on average 23.3 percent.

OCCUPANT PROTECTION PROGRAMS

We are continuing our efforts on all types of occupant protection and continuing the air-bag demonstration programs in the police fleets and in the GSA fleets.

NATIONAL DRIVER REGISTER

The National Driver Register has been very active in the past year. As you may know, we have not been satisfied with simply proceeding on the statutory schedule. We have made interim improvements such as providing overnight service in eleven States. We expect about eleven more in the next year. We are also working on a rapid response system [RRS] that will provide States within seconds information that is now in the driver register. We intend to test the RRS system in Delaware in the very near future.

VEHICLE SAFETY

If I could move to the vehicle side, our priorities include improvements in lighting, signalling, conspicuity, and braking systems, particularly for heavy-duty trucks. We have emphasized frontal protection, side protection, contact with the steering wheel and so forth. We also have a number of projects going in the biomechanics area, one in particular, where we are looking at the injuries to traumatized crash victims at the Washington Hospital Center. We think this will give us some interesting clues as to how people are being injured.

INTERNATIONAL HARMONIZATION

One last area on the vehicle side is the international harmonization program, where we have made important progress. For the first time, the United States is being taken seriously in these efforts. We have made progress in the harmonization of lighting and controls and display standards for passenger cars, and significant progress in the harmonization of brake standards. We will be doing more work on brake harmonization in the coming year, and concentrating even more attention on lighting and crash-worthiness standards.

ENFORCEMENT PROGRAM

Our enforcement program continues to be very strong. We are particularly concentrating on streamlining our defect investigations and we have reduced the time that it takes to handle many of these actions. 5.5 million cars were recalled last year, so we think we are doing very well,

With that brief summary, Mr. Chairman, my colleagues and I will be very pleased to try and answer your questions.

[The statement follows:]

DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
STATEMENT OF MS. DIANE K. STEED, ADMINISTRATOR
BEFORE THE TRANSPORTATION SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
MARCH 20, 1986

Mr. Chairman and Members of the Subcommittee:
I welcome this opportunity to appear again before you to present and explain our fiscal year 1987 budget request.

FATALITY TRENDS

I am pleased to report that preliminary 1985 data indicate that the fatality rate has declined to an all-time low of 2.50 fatalities per 100 million vehicle miles traveled. We estimate that the number of persons who died in traffic crashes decreased from 44,241 in 1984 to about 44,000 in 1985, in the face of a steady increase in the number of vehicle miles traveled. Many more would surely have died if safety efforts had not been stressed througout the Nation. The record of declining highway fatalities in five of the past six years is a record in which we can all take pride.

PROGRAM EMPHASIS

In line with Secretary Dole's priorities, and her balanced approach to highway safety, we in NHTSA are working to address safety problems by concentrating on solutions involving both the vehicle and the driver.

As in previous years, our fiscal year 1987 budget request builds on the progress we have made to date and provides a careful balance of highway safety and motor vehicle safety programs. It has been designed to yield the greatest reduction in fatalities and injuries in the most effective and efficient manner. Our resources will be directed at those activities with the most realistic prospect of success and with the maximum safety gains per dollar invested.

HIGHWAY SAFETY

Alcohol Programs

In the area of alcohol safety, we are seeing a promising trend which indicates that the combined efforts of federal, state and local governments, and the private sector on the drunk driving problem are paying off. In an October 1985 study, we found that the number of fatally-injured drivers who were intoxicated dropped from more than 14,000 in 1980 to 11,000 in 1984, a decline of 24 percent. The percentage of fatally-injured drivers who were intoxicated also declined from 50 percent to 43 percent over that same period, a 14 percent decrease. This decrease can be attributed to the effects of several factors working together: greater public awareness of the problem, tougher state laws, stricter enforcement and sentencing, a decline in the population of young drivers, and an increase in the minimum drinking age in many states. The effort to reduce drunk driving continues to move ahead on several fronts. An amendment to the Surface Transportation Assistance Act of 1982, was passed by Congress in 1984 to encourage states to raise the legal drinking age to 21 has generated new interest and action to reduce drinking by young drivers. I am pleased to report that since the legislation was enacted, 15 states have enacted age-21 laws. Currently, 38 states have age-21 laws and approximately six more are expected to have them in 1986. Our studies indicate that the age-21 laws reduce the fatal accident involvement of the affected age group by approximately 13 percent.

We proposed a regulation in September 1985 to provide guidance to the states by clarifying certain provisions in the Federal Standard and by establishing a schedule for reviewing the various age-21 laws. A final rule is currently under review and we expect to issue it in the near future. Funding support for the implementation of age-21 laws and other alcohol countermeasures will continue to be available to the states through the basic Section 402 program. Alcohol safety programs will continue to draw a large share of the Section 402 funds in FY 1987.

Seventeen states have qualified since FY 1984 for basic grants under Section 408, the alcohol safety incentive program established by Congress in 1982 and fourteen states have qualified for supplemental grants. Based on our discussions with the states that have yet to qualify, we believe as many as six to eight more may qualify for the basic grant and three more may qualify for both basic and supplemental grants during FY 1986.

Stricter state anti-drunk driving laws and enforcement practices have shown impressive results in reducing fatal crashes that are alcohol related. Along with continued high levels of public support for efforts to crack down on drunk driving, we believe the 408 program has been instrumental in encouraging these tougher laws. North Dakota, the first state to qualify and receive funds, reports that during the ten years between 1973 and 1982 prior to enactment of Section 408, 63 percent of all fatal crashes were alcohol-related. In 1984 (January - October), only 41 percent were alcohol-related. New Jersey reduced drunk driving fatalities from 376 in 1981 to 213 in 1984, a 43.4 percent decrease. Indiana, another 408 state, has reduced alcohol-related fatalities by 30 percent.

We are requesting an obligational limitation of $17.9 million for Section 408 in FY 1987, an amount which we believe is sufficient to provide grants to all qualifying states in that year. We believe that the initial authorization for the program will be adequate to cover foreseeable obligations.

Safety Belt Programs

There is considerable momentum throughout the Nation in favor of mandatory belt use laws. Since Secretary Dole's July 1984 occupant protection decision, 19 states and the District of Columbia as of March 12, 1986, have enacted mandatory use laws (with legislation to be signed by Governors in 2 additional states). Many other State legislatures are considering belt use legislation, and we expect this number to increase in 1986. The initial reports on the effectiveness of these laws are heartening. In virtually every state where belt laws have gone into effect, reported usage rates have at least doubled or tripled, from less than 20 to as high as 50-60 percent. And in New York, the first state to enact a belt law, that added usage paid off. The state reports that front-seat occupant fatalities in New York dropped 17 percent in the first 9 months of the law, compared to the average figure for the preceeding 5 years, and serious head injuries to vehicle occupants dropped by 8,000.

We now have preliminary data for six of the States which had a mandatory safety belt law in effect for several months in 1985. In these six States, New York, New Jersey, Illinois, Michigan, Texas, and Nebraska, there were fewer passenger vehicle front seat fatalities during the period the laws were in effect in 1985, compared to the same period in 1984. This decline translates into a savings of over 200 lives. (Belt usage is also increasing nationwide, even in States without belt laws.)

Research and experience in this country and abroad indicates that to achieve maximum sucess, efforts to increase usage of safety belts and child safety seats must have a number of different programs operating simultaneously. Education, enforcement, incentives, and media reinforcement operate best at the community level with broad participation from many sectors. Our occupant protection program has been designed to assist states and communities to achieve these kinds of multi-dimensional programs.

We are putting forth our best efforts to ensure that information about the benefits of safety belts and of all types of occupant protection is made available. For example, 10 of the 19 states that now have belt use laws received program implementation funds from NHTSA in 1985 to assist with education and evaluation. We expect to make more funds available for this purpose in 1986. A technical assistance program to help the states with implementing and evaluating their programs has been developed. National organizations (principally health, education, and medical) are sponsoring, with NHTSA's technical and financial support, nearly 400 state and local projects to stimulate community-based programs.

We expect that States will continue to devote a substantial share of their Section 402 funds to occupant protection programs in 1987.

We are incorporating passive information, wherever possible, in our national occupant protection program. We are also continuing to support the police retrofit program, including retrofitting the innovative Breed air bag technology, and the GSA demonstration program. Our 1987 request, if approved, will provide additional support in this area.

National Driver Register

I would like to provide a brief status report on our efforts to improve the National Driver Register (NDR), the program that identifies drivers whose licenses have been suspended or revoked as a result of serious driving violations. The program to improve the NDR, which was created by Congress in 1982, requires that the NDR's current batch processing system be converted to an interactive, electronic telecommunications system and that the system's substantive data be moved to the states of record. Thus, the NDR will become an index that "points" to the states which hold data, and the NDR will no longer maintain substantive data.

The final rule establishing the procedures NHTSA will follow for the transition from the current system to the new electronic system was published in July 1985. The law requires us to pilot-test and evaluate the new system before we fully implement it. This April we expect to finish the process of selecting four states to take part in a pilot test of the on-line electronic "switchboard," called the Problem Driver Pointer System. The operational start-up for this on-line system is scheduled for mid-1987, and the results of the pilot-testing will be evaluated and reported to Congress during 1988.

In the meanwhile, we have made a number of improvements in the current NDR to make it work more effectively. These improvements include:

- Implementation of an overnight service so that states can send inquiries to the NDR over normal telephone lines and receive replies the next day. Ten states are now using this service and 12 more are expected to be added by the summer of 1986; and

- Implementation of an on-line computer connection to the existing NDR file that will respond as fast as the planned electronic pointer system, although the information provided is less extensive. This "rapid response" technology will be offered to all states beginning in mid-1986.

VEHICLE SAFETY

We will continue our research and rulemaking efforts to improve vehicle safety and technology. In the crash avoidance area, our priorities are improved lighting, signaling, conspicuity and braking systems--particularly for heavy duty vehicles. Our crash protection work will continue to emphasize improved frontal crash protection, particularly with respect to contact with the steering assembly; occupant protection (including child safety seats, improved restraint systems, and overall interior impact protection); and side impact protection. In FY 1987 we plan to vigorously pursue the further development of our capability to use State accident data files for purposes of problem identification and countermeasure evaluation. This activity, begun in 1985, has shown considerable promise in providing the Agency with much needed information about the circumstances leading up to crashes and as such should be particularly useful in our crash avoidance, safety belt usage and alcohol program efforts.

Funding of $1 million in 1987 for biomechanics supports our trauma research which underlines the development of improved test devices. Work is also underway on injury tolerance analysis, harmonization of test devices and procedures for measuring injury. In addition, we are conducting a cooperative effort with the emergency medical services community. Emergency medical services bring traumatized crash victims to the Washington Hospital Center where medical doctors make an assessment of the injuries sustained. In the specific instances where the injuries fall within NHTSA's pre-defined parameters, a complete history of the crash event and crash victim contact points with the vehicle interior are taken. This research will lead to the improved understanding of the relationship between injury severity and vehicle crash characteristics.

Innovative strides in air bag technology and production are continuing with the development and evaluation of the all-mechanical Breed Air Bag System . It should be ready for demonstration testing in police vehicles by late summer of 1986. In part as a result of our programs, air bags are appearing as original equipment in production vehicles and are being retrofitted to existing police vehicles.

State police fleets in seven States (Arizona, California, Maryland, Mississippi, New York, Ohio, and Wisconsin) and two city police forces (New York City and River Vale, New Jersey) have had a total of 550 retrofit systems installed in their vehicles by the Romeo-Kojyo Company of Tempe, Arizona. To date there have been 27 deployments in which the systems performed as designed.

Consumer demand has precipitated the offering of air bag systems to the car buying public by several manufacturers. Mercedes-Benz has announced that driver side air bags will become standard equipment on all 1986 models. The Ford Motor Company stated that driver side air bags will be available, as optional equipment, in the Spring of 1986 on Tempo and Topaz four-door models. General Motors has just announced that driver side air bags will be offered as options on certain 1988 models.

Virtually every program within NHTSA needs current crash data to accomplish its respective safety mission. We now have ten years of Fatal Accident Reporting Systems (FARS) data: a census of all fatal motor vehicle accidents during the last decade. The seven-year-old National Accident Sampling System (NASS) provides detailed information from direct investigations of a statistically representative sample of police-reported accidents across the nation. NASS continues to provide substantial insights into the full spectrum of traffic crashes.

This year, we improved NASS by increasing the proportion of serious crashes investigated, and upgrading the productivity of field operations. In FY 1987, we will enhance the usefulness and productivity of NASS by improving the sampling program while reducing the collection of data less relevant to our priority programs.

Additional insight into crash losses and occupant crash protection comes from our special investigations. Special investigations are conducted into air bag deployment crashes, serious school bus accidents, and crashes that produce major head and neck injuries. The latter have been done in connection with the shock-trauma unit of the Washington Hospital Center so that we can better follow the aftermath of these most serious crash injuries.

A continued area of emphasis in fiscal year 1987 is the International Harmonization Program, designed to reduce or eliminate inconsistencies between U.S. and European motor vehicle standards. During the past four years, the agency has enhanced U.S. participation in the deliberations of the Economic Commission for Europe of the United Nations, by becoming more active participants in the WP-29 group, particularly in the harmonization of brakes, lighting, and controls and displays for passengar cars.

We have undertaken the harmonizing effort at the specific urging of Congress and the domestic auto industry. This effort has already resulted in the amendment of both the standards on controls and displays and lighting to bring them into closer harmony with European standards thus enhancing the auto industry's ability to compete in the world market. Also, progress continues on brake standards through the publication in May 1985 of a proposed harmonized standard for passenger car brakes. This effort has been aimed at reducing the potential for non-tariff barriers to trade without compromising our currently established safety performance levels.

Our efforts in the coming year will build on this successful beginning and move toward harmonization of brake standards for all classes of vehicles, concentrating still more attention on lighting standards, and initiating additional efforts in the area of crashworthiness standards.

We are also continuing our effort to assist the marketplace to support upgraded safety and efficiency through consumer information activities such as the New Car Assessment Program and the Uniform Tire Quality Grading Standards.

ENFORCEMENT

The Enforcement area continues to be of the highest priority. Our emphasis during FY 1987 will be to continue the process of enhancing our defect investigation capabilities. The streamlining of the defect investigation information handling process that started in FY 1985 will be completed before the end of FY 1986. This involves the use of a microcomputer network to support the technical and management aspects of the defect evaluation process. This system, which is partially operational, is already enhancing the investigator's ability to reach a decision concerning the significance of defect related complaints and to rapidly analyze the complaint file to identify all pertinent failures and perform comparisons of peer vehicle experience. In addition, the overall quality and timeliness of defect analyses is improving, which should result utlimately in an overall increase in effectiveness. The average time to conduct preliminary evaluations and engineering analyses has been reduced over 20 percent. We expect these efforts along with other planned initiatives in the ADP area will allow us to respond to budget pressures with minimal program impact.

A continuing emphasis will also be placed on the enforcement of the Federal Motor Vehicle Safety Standards (FMVSS) through the agency's compliance testing program, and the surveillance of nonconforming vehicles imported under bond to assure that appropriate modifications are made to bring them into compliance with the FMVSS.

Continued growth has been experienced in the number of grey market vehicles imported under the provisions of the joint NHTSA-Customs Service regulation which requires that imported motor vehicles and equipment comply with, or be modified to comply with the FMVSS. During 1985, 66,879 such vehicles were imported compared to 37,422 vehicles in 1984. Notwithstanding such growth, processing improvements and additional resources were introduced during 1985 that have reduced the normal processing/release cycle from the 4 months prevalent at that time, to approximately 3 weeks currently.

BUDGET OVERVIEW

For 1987, our budget submission provides for a total program level of $211.8 million. This consists of $83.9 million under the Operations and Research Appropriation and obligation limitations of $127.9 million for Highway Traffic Safety Grants.

The request of $83.9 million for Operations and Research includes $54.9 million of Federal funds for programs authorized under the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act, and $29 million from the Highway Trust Fund for programs authorized under Section 403 of the Highway Safety Act. The 1987 request of $83.9 million compares to the FY 1986 appropriation level of $85.7 million, after sequestering of funds required by the Gramm-Rudman Hollings Amendments.

Within the 1987 request, $8 million is included which will support ongoing contract programs at levels originally appropriated for 1986, and allow for expanded efforts to promote occupant protection (both active and passive systems), as increasing numbers of safety belt use laws are enacted and greater numbers of cars equipped with automatic protection become available in the market place. These increases in funding are more than offset by reductions compared to the FY 1986 appropriation, since no new funds are required in 1987 for trauma research. Funds of $9.8 million allocated for this effort in 1986 (after sequestering) will finance the program over a three year pilot test period.

The request of $127.9 million for obligation limitations under the Highway Traffic Safety Grants Appropriation includes $110 million for Formula Grants (Section 402) and $17.9 million for

Alcohol Safety Incentive Grants (Section 408). The amount of $110 million requested for 402 Grants provides for an increase of about $11 million in general purpose funding for the program compared to 1986, after sequestering, and after deducting the amounts stipulated in 1986 for child restraint programs and computerized traffic recordkeeping systems. To maximize effectiveness of funds, our budget proposes ending the earmarking of funds for special purposes, with choices on how to spend the funds to be left to the States.

The sum of $17.9 million sought for the Section 408 program represents an amount which we believe is sufficient to provide grants to all States which are expected to qualify for entitlement in 1987.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions that you, or members of the Subcommittee have concerning our budget request.

POPULATION COVERED BY SAFETY BELT LAWS

Mr. **Lehman**. Thank you, Miss Steed. We will begin this morning by discussing your passive restraint rule. According to your statement 19 States and the District of Columbia have enacted mandatory belt use laws and another two States may have them shortly.

What percentage of the country's population is now covered by some form of mandatory belt law?

Ms. **Steed**. About 61.5 percent of the U.S. population is covered by some sort of mandatory safety belt use law.

STATE SAFETY BELT LAW BREAKDOWN

Mr. **Lehman**. Please provide for the record a breakdown of the State laws that have been enacted, describing the date enacted, size of fine, who it is applicable to (e.g., driver and front passengers), sunset provisions, exemptions, mitigation provisions, enforcement provisions (e.g., secondary offense only), and percent of U.S. population covered for each law.

[The information follows:]

The following information briefly summarizes the major provisions of the 21 mandatory safety belt use laws that have been enacted to date. The list of states is arranged by date of enactment of the law.

New York

Date enacted: July 12, 1984, effective on December 1, 1984.

Coverage: Drivers, front seat occupants and any passenger under the age of ten.

Fine: Up to $50.

Exemptions: emergency vehicles, taxis, liveries, and persons with medical certificates.

Mitigation: Non-compliance "may be introduced into evidence in mitigation of damages provided the party introducing said evidence has pleaded such non-compliance as an affirmative defense."

Enforcement: No provision in the belt use law.

Education program: Provides for an education program.

Percent of population: 7.6.

Sunset provision: No provision.

New Jersey

Date enacted: November 8, 1984, effective on March 1, 1985.

Coverage: Drivers and front seat passengers.

Fine: $20.

Exemptions: Passenger automobiles manufactured before July 1, 1966, passenger automobiles which are not required by Federal law to have a safety belt, persons with medical certificates and rural letter carriers.

Mitigation: Does not change "existing laws, or procedures pertaining to a trial of a civil action for damages for personal injuries or death sustained in a motor vehicle accident."

Enforcement: Provides for secondary enforcement.

Education program: Provides for education program.

Percent of population: 3.2.

Sunset provision: No provision.

Illinois

Date enacted: January 8, 1985, effective on July 1, 1985.

Coverage: Drivers and front seat passengers.

Fine: not to exceed $25.

Exemptions: Drivers and passengers of delivery vehicles, persons with medical certificates, rural letter carriers, vehicles operating in reverse, vehicle manufactured before January 1, 1965, and vehicles which are not required by Federal law to have safety belts.

Mitigation: "Failure to wear a seat safety belt in violation of this section shall not be considered evidence of negligence, shall not limit the liability of an insurer, and shall not diminish any recovery for damages arising out of the ownership, maintenance, or operation of a motor vehicle."

Enforcement: No provision in the belt use law.

Education program: No provision in the belt use law.

Percent of population: 4.9.

Sunset provision: No provision.

Missouri

Date enacted: March 5, 1985, effective on September 28, 1985.

Coverage: Drivers and front seat passengers.

Fine: Not to exceed $10.

Exemptions: U.S. Postal Service employees while performing the duty of servicing postal boxes from their vehicles or who are required to make frequent entry into and exit from their vehicles, cars manufactured before January 1, 1968, and persons with medical reason for not wearing safety belts.

Mitigation: Provides that "trier of fact may find that the plaintiff's failure to wear a safety belt in violation of this section contributed to the plaintiff's claimed injuries, and may reduce the amount of plaintiff's recovery by an amount not to exceed one percent of the damages awarded after any reductions for comparative negligence."

Enforcement: Provides for secondary enforcement.

Education program: Provides for public education program.

Percent of population: 2.1.

Sunset provision: Law becomes null and void if U.S. Secretary of Transportation makes a determination, by April 1, 1989, that sufficient states have not enacted safety belt use laws meeting the criteria set in Standard No. 208.

Michigan

Date enacted: March 8, 1985, effective on July 1, 1985.

Coverage: Drivers and front seat passengers.

Fine: Not to exceed $10 until January 1, 1986, after that date the fine and court costs shall be $25.

Exemptions: Vehicles manufactured before January 1, 1965, vehicles which are not required by Federal law to have safety belts, drivers of commercial and U.S. Postal Service delivery vehicles, rural mail carriers, and persons with medical certificates.

Mitigation: "Failure to wear a safety belt in violation of this section may be considered evidence of negligence and may reduce the recovery for damages arising out of the ownership, maintenance, or operation of a motor vehicle. However, such negligence shall not reduce the recovery for damages by more than 5%."

Enforcement: Provides for secondary enforcement.

Education program: Provides for education program.

Percent of population: 3.9.

Sunset provision: Provides that the law will not apply after April 1, 1989, if the U.S. government requires the installation of passive restraints in new cars.

New Mexico

Date enacted: April 2, 1985, effective on January 1, 1986.

Coverage: Drivers and front seat passengers.

Fine: Fine not less than $25 nor more than $50, including court costs.

Exemptions: Rural mail carriers and persons with medical certificates.

Mitigation: "Failure to be secured by a child passenger restraint device or by a safety belt as required by the Safety Belt Use Act shall not in any instance constitute fault or negligence and shall not limit or apportion damages."

Enforcement: Provides for primary enforcement.

Education program: Provides for an education program.

Percent of population: 0.6.

Sunset provision: No provision.

Indiana

Date enacted: May 17, 1985, effective on July 1, 1987.

Coverage: Drivers and front seat passengers.

Fine: Fine of up to $25.

Exemptions: Front seat occupants in commercial or U.S. Postal Service delivery vehicles, rural mail carriers, newspaper route carriers and bundle handlers and persons with medical certificates.

Mitigation: "Failure to comply with this chapter does not constitute fault under IC 34-4-33 and does not limit the liability of an insurer. Evidence of the failure to comply with this chapter may not be admitted in any civil action to mitigate damages."

Enforcement: Provides for secondary enforcement.

Education program: Provides for an education program.

Percent of population: 2.3.

Sunset provision: No provision.

North Carolina

Date enacted: May 23, 1985, effective on October 1, 1985.

Coverage: Drivers and front seat passengers.

Fine: Fine of $25.

Exemptions: Rural mail carriers, drivers and passenger of delivery vehicles and certain commercial and agricultural vehicles, persons with medical reason or professionally certified mental phobia, and vehicle not required by Federal law to have a safety belt.

Mitigation: "Failure to wear a safety belt in violation of this section shall not constitute negligence or contributory negligence in any action for the recovery of damages arising out of the operation, ownership or maintenance of a motor vehicle, nor shall anything in this act change any existing law, rule or procedure pertaining to any such civil action."

Enforcement: No provision in the belt use law.

Education program: Provides for an education program.

Percent of population: 2.6.

Sunset provision: The law will cease to be effective if a final determination by lawful authority is made that the North Carolina law does not meet the criteria set by the U.S. Department of Transportation for safety belt use laws.

Oklahoma

Date enacted: June 4, 1985, effective on February 1, 1987.

Coverage: Drivers and front seat passengers.

Fine: Fine of $10 and court costs of $15.

Exemptions: Route carriers of the U.S. Postal Service and persons with medical certificates.

Mitigation: "Nothing in this act shall be used in any civil proceeding in this state and the use or nonuse of seat belts shall not be submitted into evidence into any civil suit in Oklahoma."

Enforcement: Provides for secondary enforcement.

Education program: Provides for education program.

Percent of population: 1.4.

Sunset provision: No provision.

Hawaii

Date enacted: June 5, 1985, effective on December 16, 1985.

Coverage: Drivers and front seat passengers.

Fine: $15.

Exemptions: Drivers of emergency, commercial, for hire and mass transit vehicles, rural mail carriers, persons with medical certificates and as otherwise provided by administrative rules of the Hawaii Department of Transportation.

Mitigation: Law does not "change existing laws, rules, or procedures pertaining to a trial of a civil action for damages for personal injuries or death sustained in a motor vehicle accident."

Enforcement: No provision in the belt use law.

Education program: Provides for education program.

Percent of population: 0.4.

Sunset provision: No provision.

Nebraska

Date enacted: June 5, 1985, effective on September 6, 1985.

Coverage: Drivers and front seat passengers.

Fine: Fine of $25.

Exemptions: Pre-model year 1973 vehicles, rural mail carriers and persons with medical certificates.

Mitigation: "Evidence that a person was not wearing a seat belt at the time he or she was injured shall not be admissible in regard to the issue of liability or proximate cause, but may be admissible as evidence concerning mitigation of damages, except that it shall not reduce recovery for damages by more than five per cent."

Enforcement: Provides for secondary enforcement.

Education program: No provision in the belt use law.

Percent of population: 0.7.
Sunset provision: No provision.

Texas

Date enacted: June 16, 1985, effective on September 1, 1985.
Coverage: Drivers and front seat passengers.
Fine: Fine of not less than $25 and not more than $50.
Exemptions: Employees of the U.S. Postal Service who must service postal boxes from their vehicles or who must make frequent entry into and exit from their vehicles, and persons with medical certificates.
Mitigation: "Use or nunuse of a safety belt is not admissible evidence in a civil trial."
Enforcement: No provision in the belt use law.
Education program: Provides for an education program.
Percent of population: 6.7.
Sunset provision: No provision.

Connecticut

Date enacted: June 27, 1985, effective on January 1, 1986.
Coverage: Drivers and front seat passengers.
Fine: Fine of $15.
Exemptions: Persons that deliver newspapers, rural mail carriers, emergency vehicles, drivers and front seat passengers in air bag equipped cars and persons with medical certificates.
Mitigation: "Failure to wear a safety belt shall not be considered as contributory negligence nor shall such failure be admissible evidence in any civil action."
Enforcement: Failure to wear a belt "shall not constitute probable cause for a law enforcement official to conduct a search of such vehicle and its contents."
Education program: Provides for an education program.
Percent of population: 1.3.
Sunset provision: No provision.

Louisiana

Date enacted: July 10, 1985, effective on July 1, 1986.
Coverage: Drivers and front seat passengers.
Fine: Fine of $25.
Exemptions: Cars manufactured before January 1, 1968, rural mail carriers, and persons with medical certificates.
Mitigation: "In any action to recover damages arising out of the ownership, common maintenance, or operation of a motor vehicle, failure to wear a safety belt in violation of this Section shall not be considered evidence of comparative negligence. Failure to wear a safety belt in violation of this Section may be admitted to mitigate damages, but only when the party offering such evidence proves that (1) there was a functioning safety belt available to the injured party; (2) the injured party failed to use a safety belt; (3) the failure to use a safety belt contributed to the party's injuries; (4) the use of a safety belt would have reduced the injured party's damages in an amount equal to or in excess of the amount of mitigation sought. In no event shall the award of damages be reduced by more than two percent for the nonuse of a safety belt."
Enforcement: Provides for secondary enforcement.
Education program: Provides for an education program.
Percent of population: 1.9.
Sunset provision: No provision.

California

Date enacted: October 1, 1985, effective on January 1, 1986.
Coverage: Drivers and all passengers.
Fine: Fine of not more than $20 for first offense and not more than $50 for subsequent offenses. (Courts may order first offenders to attend traffic or driving school in lieu of fine, penalty assessment or court costs.)
Exemptions: Rural mail carriers, persons delivering newspapers, and persons with medical certificates.
Mitigation: Law provides that failure to wear a safety belt "shall not establish negligence as a matter of law or negligence per se for comparative fault purposes, but negligence may be proven as a fact without regard to the violation."
Enforcement: Provision for secondary enforcement.
Education program: No provision in the belt use law.
Percent of population: 10.8.

Sunset provision: Law becomes inoperative if U.S. Department of Transportation uses California's law toward making a determination that the automatic restraint requirement is rescinded.

Massachusetts

Date enacted: October 22, 1985, effective on January 1, 1986.

Coverage: Drivers and all passengers.

Fine: Fine of $15 for the driver; in addition, the driver can be assessed an additional fine of $15 for each passenger under the age of 16 who is not wearing a safety belt.

Exemptions: Vehicles manufactured before July 1, 1966, rural mail carriers, drivers and passengers in delivery vehicles, on-duty police officers, and persons with medical certificates.

Mitigation: Failure to wear a safety belt "shall not be used as evidence in any civil action."

Enforcement: Provides for secondary enforcement.

Education program: Provides for an education program.

Percent of population: 2.5.

Sunset provision: No provision.

District of Columbia

Date enacted: October 22, 1985, effective on December 12, 1985.

Coverage: Drivers and right front seat passengers.

Fine: Fine not to exceed $15.

Exemptions: Vehicles manufactured before July 1, 1966, farm vehicles, vehicles carrying more than 8 passengers, and persons with medical certificates.

Mitigation: "Neither a violation of this act nor compliance with its terms shall constitute evidence of negligence, evidence of contributory negligence, or a basis for a civil action for damages. Also, a violation or compliance with this act shall not be used as a basis for mitigating damages arising from a civil liability."

Enforcement: Provides for secondary enforcement.

Education program: Provides for an education program.

Percent of population: 0.3.

Sunset provision: Law expires if it is counted by U.S. Department of Transportation in making a determination that the automatic restraint requirement is rescinded.

Ohio

Date enacted: February 4, 1986, effective on May 5, 1986.

Coverage: Drivers and front seat passengers.

Fine: Fine of $20 for the driver and a $10 fine for passengers. (Courts have authority to dismiss charge and waive fine if person proves that he or she has seen a safety belt education film or videotape.)

Exemptions: Employees of U.S. Postal Service and newspaper delivery service, drivers and passengers in air bag equipped cars, and persons with medical certificates.

Mitigation: Failure to wear a safety belt "shall not be considered or used as evidence of negligence or contributory negligence, shall not diminish recovery for damages in any civil action involving the person arising from the ownership, maintenance, or operation of an automobile."

Enforcement: Provides for secondary enforcement.

Education program: Provides for an education program.

Percent of population: 4.6.

Sunset provision: No provision.

Iowa

Date enacted: February 20, 1986, effective on July 1, 1986.

Coverage: Drivers and front seat passengers.

Fine: Fine of $10.

Exemptions: Pre-1966 vehicles, drivers and front seat occupants in delivery vehicles, rural mail carriers, front seat passengers in emergency vehicles, and persons with medical certificates.

Mitigation: No provision in the belt use law.

Enforcement: No provision in the belt use law.

Education program: Provides for an education program.

Percent of population: 1.2.

Sunset provision: No provision.

Minnesota

Date enacted: February 24, 1986, effective on August 1, 1986.

Coverage: Drivers and front seat passengers and passengers under the age of 11 riding in any seat.

Fine: No fine.

Exemptions: Vehicles manufactured prior to January 1, 1965, persons driving car in reverse, delivery persons, rural mail carriers, and persons with medical certificates.

Mitigation: No provision in the belt use law.

Enforcement: No provision in the belt use law.

Education program: No provision in the belt use law.

Percent of population: 1.8.

Sunset provision: No provision.

Utah

Date enacted: March 18, 1986, effective on May 18, 1986.

Coverage: Drivers and front seat passengers.

Fine: Fine of $10.

Exemptions: Vehicles manufactured before July 1, 1966, vehicles not required by Federal law to have safety belts, rural mail carriers, delivery vehicles, and persons with medical certificates.

Mitigation: "The failure to wear a safety belt does not constitute contributory or comparative negligence, and may not be introduced as evidence in any civil litigation on the issue of injuries or on the issue of mitigation of damages."

Enforcement: Provides for secondary enforcement.

Education program: No provision in the belt use law.

Percent of population: 0.7.

Sunset provision: No provision.

POPULATION COVERED BY SAFETY BELT LAWS

Mr. LEHMAN. Based on what you know about the progress of seat belt legislation in the remaining States, when is the earliest possible date we could see two-thirds of the population covered by some form of belt use laws?

Ms. STEED. That is very difficult to predict. We think we will see, ultimately, all 50 States with safety belt use laws. If you use the child restraint law experience as a guideline, all 50 States enacted child restraint laws within a period of about seven years.

General belt use legislation is somewhat more controversial, however, so it may take a little longer. However I do believe we will see the day when all 50 States have laws.

Mr. LEHMAN. Do you think the end of this calendar year would be a good estimate?

Ms. STEED. The end of this calendar year will not be possible because there are several States that are not in session, so we will not have all fifty at that point.

Mr. LEHMAN. I mean as far as the two-thirds?

Ms. STEED. It may be possible to have two-thirds of the population covered by some sort of law. As far as whether or not those laws meet the criteria, that is as you know a whole separate question.

SAFETY BELT LAW CRITERIA

Mr. LEHMAN. Of course, the belt laws that have been enacted vary widely, and there is a significant amount of confusion as to whether the Secretary will count any or all of these laws against the two-thirds requirement.

The Secretary was quoted last December as saying that she planned to give the States guidance on this matter "very shortly." When will this guidance be given to the States?

Ms. **Steed**. It is true that she made such a statement, Mr. chairman. The reason she made that statement was in part out of frustration over how long the court case was taking. Since that time the court has asked us to go back and re-argue the case.

As a matter of fact, oral argument was held on March 11th. Because the question of whether or not the laws comply is at the heart of the case, we have decided not to discuss the specifics of the laws until after the matter is out of the hands of the court. We would have to revisit the need for informal guidance at that time.

Mr. **Lehman**. The Secretary also said that her guidance would be "informal." What is meant by "informal" guidance, and why must it be "informal"?

Ms. **Steed**. I think what we were contemplating was telling the States informally how their laws compare with the criteria in the rule. That is as opposed to an actual formal ruling saying yes, they do, or no, they do not comply. In other words, we would have pointed out differences between their laws and our criteria.

Mr. **Lehman**. Do you have any plans to change the criteria against which these belt laws will be judged?

Ms. **Steed**. We have no plans to change the criteria at this point.

AUTOMATIC SUNSET PROVISIONS

Mr. **Lehman**. I believe the California and District of Columbia belt laws expressly provide that the mandatory seat belt requirement shall immediately expire if DOT attempts to count it towards the two-thirds population requirement necessary for rescission.

Irrespective of whether the other provisions in these laws meet your criteria or not, is there any legal way that you could count these two laws against the two-thirds requirement?

Ms. **Steed**. We pointed out in our brief, Mr. Chairman, that because, by their own terms, those laws would expire if we rescinded the rule, we could not count them.

SAFETY BELT USE SLIPPAGE

Mr. **Lehman**. It is now being reported that usage in some States with mandatory laws is slipping badly. For instance, it was reported that usage in New Jersey has dropped from a high of 70 percent immediately after passage of their law to about 40 percent in July. Declines have also been reported in Illinois and New York. Would you elaborate on the belt use trends you are now observing in States with mandatory use laws? And in your view, why is usage slipping? Bad enforcement? Public indifference, or what?

Mr. **Steed**. Well, the fact that States have experienced an immediate rise, a very significant rise after the law is passed, is something that we anticipated. That is pretty much the experience we saw in most foreign countries that have belt use laws.

We saw an immediate doubling or tripling of belt use, and then over time, a slight decrease and flattening out.

So this is very much what we would have expected to see. There are a lot of different reasons for that. One is enforcement. One is public information and education. And we are dealing with both of those programs at this point.

One of the things that we will be doing in the next few months is working with the enforcement community, explaining why belt use laws are so important, convincing police officers themselves that belts are a good thing, and explaining to them, as we have had to do with child safety seat enforcement. If you stop someone to give them a ticket for not wearing a belt or using a safety seat, it is not just that you are giving them a ticket; you may be saving their lives.

We believe we can increase usage with better enforcement, more informed enforcement, and with good public education and information efforts.

Mr. **LEHMAN**. And when do you think the trend will start going the other way?

Ms. **STEED**. It could at any point. We see belt use steadily rising across the country and we intend to work hard on increasing belt usage rates.

SAFETY BELT USAGE IN SELECTED STATES

Mr. **LEHMAN**. Please provide for the record a summary of the post-law belt usage trends you have observed in New York, Illinois, New Jersey, Texas and California.

[The information follows:]

New York's initial post-law belt rate of 57.1 percent was more than three times the pre-law usage rate of 15.9 percent; the second post-law survey was 46.0 percent. Most foreign nations have also experienced decreases in usage rates following initial post-law peaks. In nearly all such cases, these declines have been reversed by public information and, most importantly, highly visible enforcement efforts. We expect the same situation to occur in the States.

As can be seen in the chart below, post-law figures for Illinois, New Jersey, and California (as reported by those states) are 39.6 percent, 40.0 percent and 45.3 percent, up from 15.9 percent, 18.2 percent and 26.9 percent respectively. It must be noted that in each of these cases, the pre-law surveys were conducted after the legislation was enacted but prior to the effective date of the laws. Therefore, we assume that some of the pre-law publicity had an effect on the pre-law use rates, making them higher than they had previously been.

Texas has a pre-law belt usage rate of 10 percent and has not completed its post-law survey.

State	Law signed	Pre-Law		Effective date	Post-Law		Post-Law	
		Date	Rate (percent)		Date	Rate (percent)	Date	Rate (percent)
New York	July 12, 1984	October 1984	15.9	Dec. 1, 1984	April 1985	57.1	September 1985	46.0
Illinois	Jan. 8, 1985	April 1985	15.9	July 1, 1985	July 1985	39.6		
New Jersey	Nov. 8, 1984	February 1985	18.2	Mar. 1, 1985	July 1985	40.0		
California	Oct. 1, 1985	November 1985	26.9	Jan. 1, 1986	February 1986	45.3		
Texas	June 16, 1985	June 1985	10.0	Sept. 1, 1985				

AMENDING THE "TWO THIRDS" REQUIREMENT

Mr. **Lehman**. You assumed in your rule that belt usage would climb to the 40 percent to 70 percent range in States that passed mandatory belt laws.

After a period of time, if it becomes clear that mandatory use laws were not going to increase usage to 40 percent or higher, should not the "two-thirds of the population" requirement be increased to a higher percentage since passive restraints theoretically would reduce death and injuries more than mandatory use laws?

Ms. **Steed**. I think that is something we would have to look at, but I think the 40 percent or higher is going to be achieved.

In fact we are seeing in all States that have belt use laws now, even if they go up to 60 or 70 percent, they are levelling off at above 40 percent, 40 to 50 percent, so I think we will see that.

SAFETY BELT USE BY POPULATION SEGMENTS

Mr. **Lehman**. What does your data show about the effect of mandatory use laws on teenagers? Are they buckling up in the same proportion as the rest of the population? Demographically, who is buckling up? Teenagers, elderly? Women? Men? Where is your problem?

Ms. **Steed**. I am not sure we have enough specific data at this point to know whether it is affecting teenagers more, or women more, or men more. We will be looking at that, and we will be targeting our public education programs to those groups that do have a problem, where usage is lagging.

Mr. **Lehman**. But you do not know which group is actually falling down on the—

Ms. **Steed**. At this point we do not, but that is something we are going to be looking at specifically.

Mr. **Lehman**. For the record, would you give us what information is available?

Mr. **Steed**. We would be happy to.

[No information is available at this time.]

STATE RESCISSIONS OF BELT LAWS

Mr. **Lehman**. There appears to be a growing movement to rescind some of these mandatory use laws. In what States have rescission bills been introduced, and what chance is there that such efforts will be successful?

Ms. **Steed**. There are some States that have had rescission legislation introduced; there are some States that have a public referendum on the question of whether or not the belt use law ought to be left in place.

Where rescission has been tried and actually been brought to the floor, it has been defeated.

So we think people are going to accept belt use laws, they are going to get used to them, and they are going to be buckling up. I would be glad to provide for the record the names of the States which actually have belt use laws.

But I would also point out that we have some public opinion polls that have been taken in some of these States, and public opinion is highly supportive of these belt use laws. Moreover, people want these laws, once they are in place, to remain in effect.

Something like 60 or 70 percent say yes, we would like them to remain in effect and we would like them to be strictly enforced. So I think the picture is pretty rosy.

Mr. **Lehman**. How does the passive restraint rule address rescissions of State use laws? For instance, what if two-thirds of the population is finally covered by acceptable belt laws and the rule is rescinded, but, shortly thereafter, a number of States rescind their laws?

Would the rule automatically be reinstated? If not, would you advise the Secretary to reinstate the rule? And what would you advise Congress to do?

Ms. **Steed**. The way the rule is written, the Secretary will make the determination on April 1, 1989.

As I think we have covered earlier, there are a couple of States that have sunset clauses in them and we would not count those because they would go out of existence.

As to what we would recommend if States rescinded their laws after April 1, 1989 we would have to look at the situation at that time. We would have to consider belt use, public acceptance of passive restraints, and so forth, before making any firm recommendation, and there would probably have to be another rulemaking process at that point.

PASSIVE RESTRAINT SELECTION

Mr. **Lehman**. Of course the 208 standard will begin to be phased in on September 1 of this year, with 10 percent of all new cars required to have passive restraint systems.

How many cars will be sold with passive restraints for the next model year, and of those, how many do you estimate will be automatic belts, and how many will be air bags?

Ms. **Steed**. Ten percent of the cars produced for sale must come equipped with passive restraints starting this September.

We estimate approximately a million new cars will be on the road with passive restraints. As far as how many of those will be belts and how many will be bags, we do know that a number of companies will be offering air bags.

Whether or not they will count them as part of the 10 percent, I am not sure. Many of those plans are, at this point, business confidential.

PASSIVE RESTRAINT CONSUMER COST

Mr. **Lehman**. And what will be the average cost to the consumer of an automatic belt system versus an air bag system?

Ms. **Steed**. At this point it appears that the cost will be about $800 for a driver's side air bag this fall. If automatic belts are standard equipment we will not see the cost; if they are optional, automatic belts may be around $100.

Mr. **Lehman**. Well, based on that, would you feel that most of them would be belts instead of bags?

Ms. STEED. I think we will see a lot of belts but I also think that, interestingly enough, consumer demand is pushing the companies towards air bags. I believe that is the reason GM recently announced they were going to produce air bags.

AIR BAGS IN FOREIGN CARS

Mr. LEHMAN. And that leads to the next question about the Japanese and Europeans. Have any patterns emerged yet about the manufacturers' acceptance of air bags? For instance, are the Japanese or Europeans moving faster towards installing air bags than the American manufacturers?

Ms. STEED. At this point, six companies have talked about their plans to introduce air bags, and of those, most are European companies. There are two American companies and four European companies.

We hear rumors about the Japanese companies but I do not know of their specific plans at this point. We are hoping that one of the Japanese companies will introduce air bags.

FORD AIR BAG MARKETING STRATEGY

Mr. LEHMAN. Ford Motor Company has been criticized by some for offering its $815 air bags as an option on the Tempo only if customers buy it as part of a $2,215 options package that includes power steering, automatic transmission, and air conditioning.

Do you think this kind of marketing strategy is designed to demonstrate that air bags will not sell, as some have charged?

Ms. STEED. I am really not familiar with their specific marketing strategy. But again, as I said, I think that the consumer demand is moving people and moving companies towards air bag introduction. So I do not believe Ford is pursuing a conscious strategy against air bags. I believe Ford Motor Company believes in air bags or they would not be offering them to the public.

AIR BAG COSTS TO CONSUMER

Mr. LEHMAN. Please provide for the record a breakdown of air bag costs to the consumer for each manufacturer offering them in model year 1987. Please also include the number of air bag units expected to be sold.

[The information follows:]

At this point, details of manufacturer plans for offering passive restraints are confidential. However, Mercedes-Benz, BMW, Volvo, Porsche and the Ford Motor Company have stated plans to offer air bag equipped cars for the 1987 model year. Most of the manufacturers will offer supplemental driver air bag systems. In some models the supplemental air bag system will be offered as standard equipment. The projected cost to the consumer is expected to be $800 to $900 per vehicle.

BREED AIR BAG PERFORMANCE

Mr. LEHMAN. NHTSA has been testing an all mechanical driver-side air bag system that the manufacturer (Breed Corporation) claims can be sold for $50 a unit.

This is some 16 to 18 times less than what Mercedes and Ford now charge for full-sized air bags.

How has this system performed in your tests, and will it be available in model year 1987 cars? If so, which ones and at what cost?

Mr. **Steed**. I think there's no question about it, the Breed system will be a less expensive system when it gets on the market. The $50 claim I think may be an overstatement at this point, based on our estimates.

But performance in our tests has been good. We have run sled tests, we have run automobile tests, and we are hoping to put about 200 of them into police cars in a demonstration program this summer.

I think it is probably too early for them to be in the model year 1987 cars, and I do not know of any specific plans of the companies to do so.

BREED AIR BAG COST

Mr. **Lehman**. You say $50 is too cheap. What do you think we will end up with as the cost of the Breed bag?

Ms. **Steed**. Our estimate, when we looked at Breed the last time, was about a hundred dollars less than our estimates on regular air bags, and that was about $320. So we are looking somewhere between $200 and $250, perhaps.

PUBLIC ACCEPTANCE OF PASSIVE RESTRAINTS

Mr. **Lehman**. Do you think the American public is psychologically ready for passive restraints, especially automatic belts? Could there be a backlash once automatic belts show up in cars in significant numbers?

Ms. **Steed**. I think times have changed since the last time passive restraints were required and that includes both air bags and automatic belts. I think the climate is changing for two reasons.

One is the public's general interest in highway safety and I think we will see that the belt use laws make a difference in people's attitudes towards passives.

I think there are people who will appreciate automatic belts, for example, people with arthritis and handicapped people who find it difficult to use a manual belt.

I am concerned that people may not yet be ready for them; that there are a lot of misconceptions and misunderstandings.

I think it is incumbent both on us and on the auto companies to provide the public with information on passive restraints.

PASSIVE RESTRAINT FUNDING EARMARK

Mr. **Lehman**. The fiscal year 1986 Continuing Resolution provided $500,000 "to encourage the use of automobile passive restraints." How are you spending these funds?

Ms. **Steed**. I believe we did not get $500,000 for passive restraints. We had requested about $6 million which Congress did not appropriate, but we have nonetheless worked on passive restraint materials. We have incorporated passive information into a number of our educational materials for various target groups.

We have some samples that we would be happy to provide the committee. In addition we have put out a brochure, just recently, on protecting yourself automatically, talking about the Secretary's decision and why occupant protection is important, and the various types of automatic protection.

We have also just recently put out a separate pamphlet on "Facts You Should Know About Air Bags." There are many misconceptions about air bags, and there are some groups who are putting out false or bad, misleading information.

So we are trying to provide the public the truth with this pamphlet. In addition, we have continued our work on the GSA fleet and the police fleets and we are trying to make public information on how those fleets have performed.

Mr. **Lehman**. The Continuing Resolution reads as follows: "for the purpose of carrying out a national program to encourage the use of automobile passive restraints as authorized by 23 USC 403, an additional $500,000 is available to be derived from unobligated balances of 'Car pool and van pool projects'." For the record, explain how you intend to spend these funds.

Ms. **Steed**. I will be happy to.

[The information follows:]

The $500,000 for passive education represents those expenditures for passive education efforts through incorporating passive education in our program. It includes as well the cost of developing educational materials.

One of the goals of the occupant protection program is to integrate passive protection education into the ongoing program. For example, as educational materials are updated, passive educational material is added. In addition, new materials are being developed.

In FY 1986, we have developed and printed two passive restraint general information brochures.

"Protecting Yourself Automatically" is a general audience pamphlet on the need for and available types of automatic crash protection. The brochure addresses the most frequently asked consumer concerns such as cost, reliability, durability and availability. The distribution of this brochure began with NHTSA's Regions and each State Highway Safety Agency. It is now being distributed through the Agency's Auto Safety Hotline, consumer mail requests and through the hundreds of community programs and national organizations that we distribute materials to for public education purposes.

"Facts You Should Know About Air Bags" is an educational pamphlet dedicated entirely to factual information about air bags and the most frequently asked consumer questions and answers on this technology. The distribution plan is the same as the previous brochure.

Several other educational materials are under development that also include information on passives. These will be printed and distributed during this fiscal year: a general audience brochure on child passenger safety, State and local law enforcement training manual on occupant protection, public and private sector employer manual and brochures, and a general information fact sheet on the air bag deployments that have occurred in NHTSA's current fleet demonstraion program.

All of the materials currently available and under development will be widely distributed to the general public and negatives for reprinting will be available for most of these materials.

PASSIVE RESTRAINT EDUCATION MATERIALS

Mr. **Lehman**. Please supply for the record all passive restraint education materials being used by NHTSA together with a schedule of when and to whom they will be disseminated.

[The information follows:]

Attached are passive restraint educational materials that are currently being used by NHTSA. They include three educational curricula packages and two passive restraint general information brochures.

Curricula: "A Safety Way for Everyday" is an educational program teaching students in grades K–3 about the importance of occupant protection. The teacher's guide includes a section on passive restraints. This program was developed in cooperation with, and is being distributed through, the National Congress of Parents and Teachers (PTA) and National Association of Elementary School Principals. Thousands of copies of this program have been distributed, and will continue to be made available, to PTA's, elementary school teachers and principals.

"Beating the Odds" is an educational program relating safety belt use to healthy life styles for high school students. But the lesson plan and teacher's guide contain a section on passive restraints. This program was developed in cooperation with, and is being distributed through, the Association for the Advancement of Health Education. Thousands of copies have been distributed and will continue to be made available to high school and community health educators.

"Restrain Yourself" is an educational program for high school teachers of driver's education explaining the use of occupant protection. Both the lesson plan and teacher's guide have devoted a section to passive restraints. This program was developed in cooperation with and distributed through the American Driver and Traffic Safety Education Association. Thousands of copies have been distributed, and will continue to be made available, to driver education instructors. All three of the curricula packages have been made available to NHTSA Regions and State Highway Safety Agencies. Many States, in fact, have purchased significant quantities of these programs for their own distribution to schools and educators in their States. The availability of the educational packages has also been promoted through other educational organizations such as the National Education Association.

Brochures: "Protecting Yourself Automatically" is a general audience pamphlet on the need for and available types of automatic crash protection. The brochure addresses the most frequently asked consumer concerns such as cost, realiability, durability and availability. The distribution of this brochure began with NHTSA's Regions and each State Highway Safety Agency. It is now being distributed through the Agency's Auto Safety Hotline, consumer mail requests and through the hundreds of community programs and national organizations that we distribute materials to for public education purposes. In addition, negatives of the brochure are available for each Regional Office's lending library of educational materials.

Facts you should know about Air Bags

U.S. Department of Transportation
National Highway Traffic Safety Administration

Why Occupant Protection Is Needed

In recent years an average of 23,000 people lost their lives each year in passenger car crashes. Another 300,000 suffered injuries serious enough to require hospitalization. Thousands today are paralyzed or suffer other permanent disabilities caused by these crashes.

The tragic casualty toll occurs because unprotected occupants crash into a car's interior after the vehicle hits an object and stops. At 30 mph, an unprotected passenger weighing 150 lbs. crashes with a force of 4500 lbs. into the steering wheel, dashboard, or windshield, or is thrown through the car window.

Occupant protection systems, such as safety belts and air bags, help keep people from being tossed around inside the car, or from being ejected during a collision.

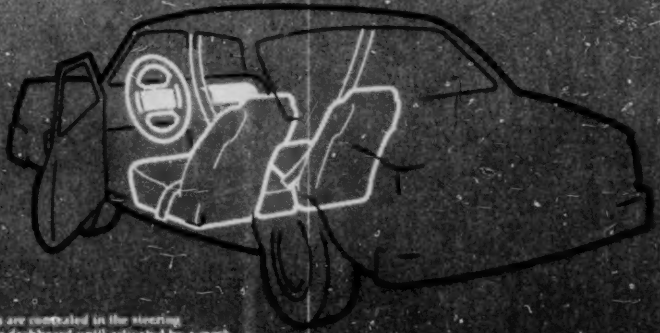
Automatic Protection

On July 11, 1984, Secretary of Transportation Elizabeth Hanford Dole announced a decision designed to provide the maximum safety benefits to the motoring public in the shortest time and at the least cost to the American consumer.

The Secretary's automatic crash protection standard (Federal Motor Vehicle Safety Standard No. 208, "Occupant Crash Protection") encourages the use of manual safety belts which are already in most cars, while phasing in cars equipped with automatic occupant protection. The auto makers can meet the requirement with any technology that automatically provides protection to the driver and right front seat passenger in a 30 mile per hour crash.

Automatic protection must be offered in at least 10 percent of the automobiles manufactured after September 1, 1986. This percentage increases each year until September 1, 1989, when all passenger automobiles must be equipped with automatic protection. However, if two-thirds of the nation's population is covered by effective mandatory state safety belt use laws, the automatic crash protection requirement will be rescinded.

Many people don't know the facts on automatic crash protection . . . why it is necessary . . . and the types of automatic protection systems that have been developed. This pamphlet describes one type, the air bag, and answers some of the most frequently asked questions about its use and effectiveness.



Air bags are concealed in the steering wheel or dashboard until activated by a crash.

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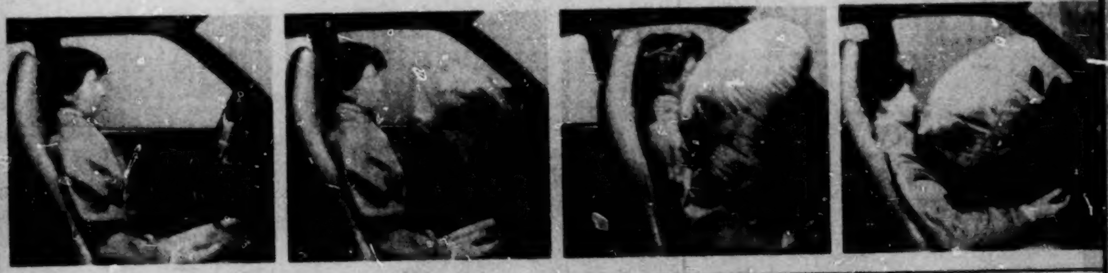


0/00 SEC. Ready to Protect

LESS THAN 1/10 SEC. Instant Inflation

1/10 SEC. Protected Occupant

LESS THAN 1/00 SEC. Deflation

How Air Bags Protect

Like the effective manual safety belts that Americans have been familiar with for nearly two decades, air bags can save lives and prevent serious injuries in motor vehicle accidents.

An air bag is an inflatable crash protection device that is concealed in the steering wheel or dashboard of a car until it is activated by a crash. In a serious frontal crash (equivalent to hitting a brick wall at a speed greater than 12 miles per hour), a crash sensor activates the air bag. Within a one tenth of a second after impact, the bag is filled to create a protective cushion between the person and the steering wheel, dashboard and windshield. The air bag inflates and then deflates rapidly. The cycle is over in less than one second.

Air bags are extremely effective. But for full protection in all kinds of crashes, lap and shoulder safety belts must also be used.

Questions and Answers

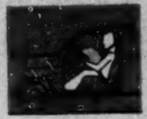
Q. Are air bags reliable?

A. Air bags have an impressive reliability record. There are approximately 25,000 cars on the road today equipped with air bags. Since they were introduced in 1972, air bags have inflated as designed in more than 300 serious frontal crashes and have logged more than a billion highway miles. This history, combined with modern technology, demonstrates that manufacturers have designed air bags to be a reliable means of providing superior crash protection.

Q. Can an air bag inflate accidentally?

A. An accidental inflation would be an extremely rare event. Even if one occurred, it would not be likely to cause the driver to lose control because of the small size of the driver's air bag and the rapid inflation/deflation cycle.

A panic stop will not cause an inflation. Neither will hammer blows to the front of the car or low speed accidents, such as those in parking lots.



Research conducted by the manufacturers has included subjecting drivers to accidental air bag inflations. The test drivers did not lose control when exposed to an unexpected inflation.

Q. Are air bags effective in multiple collisions?

A. Multiple collisions are another reason safety belts are needed, even in a car equipped with air bags. Second impacts generally take place so rapidly that the air bag still provides some protection. But the safety belt adds protection in the first impact and takes over where the air bag leaves off, providing even more protection during secondary collisions.

Q. Will air bags protect in all kinds of crashes?

A. An air bag is not designed to inflate in side, rear, or roll over crashes.

They are designed to provide protection primarily in frontal crashes, the leading cause of deaths and injuries in motor vehicle collisions. Air bags are most effective when used in combination with safety belts.

Q. So, even with an air bag, I need a safety belt?

A. Yes. Air bags alone can reduce the chance of fatality in frontal crashes by 20 to 40 percent. An air bag with a lap belt can reduce the chance of fatality by 40 to 50 percent. Even more effective is an air bag in combination with a lap and shoulder belt, which can reduce the chance of fatality by 45 to 55 percent. Again, the safety belt is your best protection in rear, side and roll over crashes.

Q. Could the air bag injure someone wearing glasses, or smoking a cigarette, cigar, or pipe during a crash?

A. There have been many air bag inflations involving persons with glasses, or those who were smoking. The glasses usually stay in place and were not damaged and smoking objects were usually pushed aside.

Q. Can an air bag inflation damage my hearing?

A. In the many air bag deployments to date, there have been no complaints of hearing injuries. Most people said they did not hear the air bag inflation over the sound of the crash itself. Test inflations with volunteers caused no hearing damage.

Q. What kind of gas inflates an air bag? Is it poisonous?

A. Nitrogen, a harmless gas that is a key ingredient in the air we breath, is the gas that inflates an air bag. At impact, the inflation process is triggered by a chemical called sodium azide which is sealed in a metal container. Sodium azide has been used for medicinal, research and agricultural purposes for 40 years and in the permanently sealed container used with an air bag system, poses no threat to automobile occupants.

Q. Will air bags be expensive to purchase?

A. The cost will depend on the volume produced, but is expected to be about $320 at high volume production levels. New technology could lower these costs.

Q. Can an air bag be used a second time?

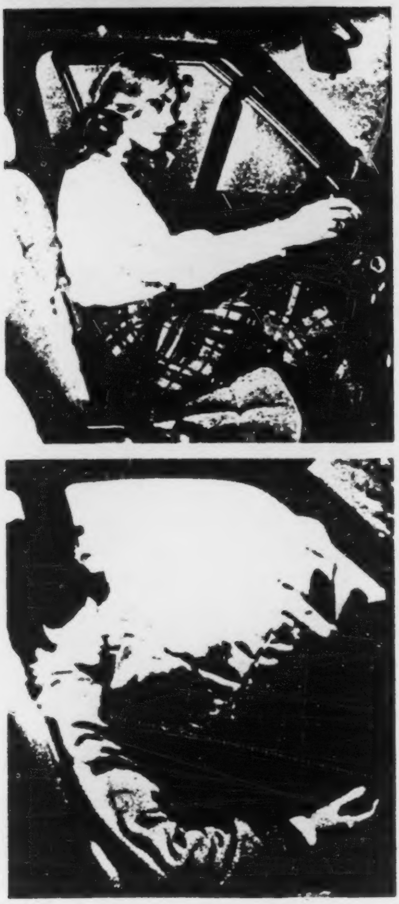
A. No. Once it has been deployed it cannot be used again and must be replaced. Safety belts must also be replaced. As with most replacement parts, costs are generally two to three times more than the original equipment. Insurance companies may include air bag replacement as part of the costs of repairing the crash damage.

Q. Will an air bag need to be replaced periodically?

A. No. Air bag systems are designed to have an effective operating life exceeding that of the vehicle in which they are installed. Air bags installed in cars 10 years ago can still protect in crashes today.

DOT HS 806505
January 1984

Protecting Yourself Automatically



On July 11, 1984, Secretary of Transportation, Elizabeth Hanford Dole, issued a final rule on occupant crash protection (Federal Motor Vehicle Safety Standard 208).

The rule requires that all new cars built for use on American roads must have automatic, front-seat occupant crash protection by September 1, 1989, unless two-thirds of the country's population is then covered by mandatory state safety belt laws. Manufacturers must start phasing these systems into new car production beginning September 1, 1986.

The Secretary's decision provides the maximum safety benefits in the shortest time at the least cost to the motoring public. It does this by encouraging the use of manual safety belts, which are already in the cars most Americans drive, while phasing in cars equipped with automatic occupant protection.

Although most of today's cars use manual safety belts for occupant protection, several types of automatic protection systems have been developed. This pamphlet describes what they are, how they work and answers some of the most frequently asked questions about their use.

Occupant Protection: What It Is, Why It's Needed

Auto crashes are the leading cause of death among Americans ages 1 to 34. On the average, about 60 people are killed daily in the front seats of cars and every day more than 800 additional people suffer injuries requiring hospitalization.

This toll of injuries and fatalities exists because unprotected occupants crash into a car's interior *after* the vehicle hits an object and stops. At 30 mph, an unprotected passenger weighing 150

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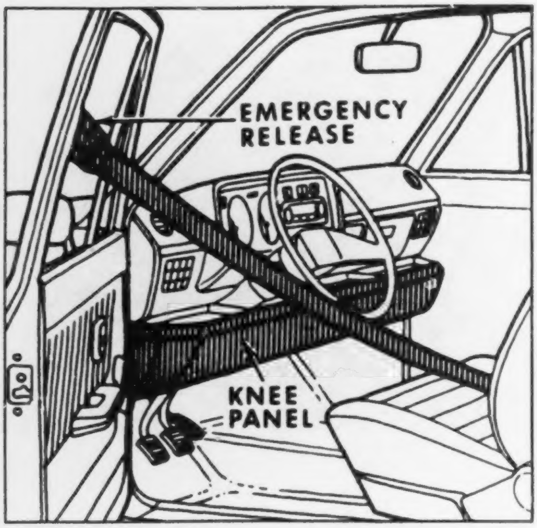


pounds crashes with a force of 4,500 pounds—into the steering wheel or the dashboard, or through a car window onto the pavement.

All occupant protection systems, when properly used, help keep people from being tossed around inside the car, or from being ejected into traffic during a collision.

These systems absorb some crash forces and spread the remaining ones over relatively strong portions of the body. This improves the likelihood of the driver's remaining conscious and in control, and it keeps the occupants inside the vehicle where they are safest. In short, occupant protection systems limit the human damage that occurs in the aftermath of the collision.

Manual safety belts, when they are properly used, limit the severity of injury and reduce the risk of fatality by about 50 percent. Automatic occupant protection systems also protect car occupants; it is not necessary to take any action to get these systems to work.

0.00 SEC
Ready to Protect

Automatic Crash Protection

Automatic safety belts or air bags are now available in some models of today's cars. In addition, car manufacturers are exploring whether the crash protection requirements of Standard 208 can be met by improving such things as a car's structure, steering column and interior padding. These and other technological improvements may be available in new cars during the next several years.

Air Bags

Air bags provide effective protection for front seat occupants in a frontal crash. A car equipped with a full front seat air bag system will have air bags hidden in the steering wheel hub and in the right side of the instrument panel. The air bags remain unobtrusively in these positions until a crash situation requires their inflation.

In a frontal crash of about 12 mph, air bags inflate automatically, keeping front seat occupants from violent impact with the hard interior surfaces of the car. However, air bags are just one part of a total occupant protection system. For maximum protection in all types of crashes—side, rear and rollover collisions—passengers of air bag-equipped cars should wear safety belts at all times.

LESS THAN
1/10 SEC.
Instant
Inflation

Here is the information most often requested by people interested in learning about air bag protection.

- *Initial Cost:* The cost of air bags installed for the front seat positions of a new car is estimated to be $320, based on a production of one million units. Technological advances in the next few years could substantially lower the price.
- *Availability:* Currently offered in a limited number of new car models, air bags may soon be more widely available in new cars, as well as in "retrofit" units for older cars.
- *Reliability:* Air bags are extremely reliable, remaining hidden until they inflate in a crash. Accidental air bag inflation is a rare event and, when it has occurred, drivers have reported no loss of vehicle control.
- *Durability:* An undeployed air bag will last the life of the car because all parts are sealed until they are activated by a crash.
- *Driver Control:* The size of a driver-side air bag provides the required protection while allowing steering control to be maintained after inflation.
- *Inflation Materials:* A small amount of sodium azide is sealed within the system. When a crash occurs, the sodium azide generates nitrogen which inflates the air bag. Nitrogen comprises most of the air we normally breathe.

1/10 SEC.
Protected
Occupant

- *Noises of Inflation:* The noise from air bag inflation does not cause hearing damage. It is not usually heard over the sound of the crash itself.
- *Replacement Costs:* Air bag replacement costs should be covered by automobile collision insurance.

Other Approaches

- *Energy Absorbing Systems:* Research is underway to develop steering systems, dashboards and windshields which have enough "give" to absorb the energy of the occupants forward momentum in frontal crashes. The concept of these design changes is to minimize injuries without the use of a separate protection system.

Automatic Safety Belts

Automatic safety belts don't have to be buckled or unbuckled. They move automatically around front seat occupants when the car doors are closed.

Automatic belts come in two general types. One is attached to a track over the door and is operated by a small electric motor. The other is attached to the car's door and moves into place when the door is closed. Both types are currently available in a few car models.

Some cars are equipped only with automatic shoulder belts. These use a padded knee bolster

LESS THAN
1/100 SEC. Deflation

mounted under the dashboard to protect the legs and lower body. Other types of automatic safety belts have both a lap and shoulder belt, and are similar to current manual safety belts.

All automatic safety belts must allow easy exit in case a car door cannot be opened after a crash. Some automatic belts can be unbuckled and detached from the door, others can be pulled loose through a release lever. However, these devices are intended for emergency use only. Automatic belts cannot protect automatically unless they are used as designed—fitting snugly around front seat passengers.

Non-motorized automatic safety belts will cost about $40 more than manual belts. The price would be higher if the automatic belts are motorized or if the annual production volume is under 300,000 units.

Occupant Protection: The Rest of the Story

The need for automobile occupant protection has been amply demonstrated over and over again. Being held in position in your seat during a collision is preferable by far to being thrown around the passenger compartment or being ejected from the car onto the road.

The technology is available, and improvements are being developed all the time. Let it work for you and those who ride in your car.

U.S. Department of Transportation

National Highway Traffic Safety Administration

DOT HS 806 866
January 1986

PASSIVE RESTRAINT PREFERENCES

Mr. **Lehman**. What do your surveys indicate about peoples' preferences concerning air bags versus automatic belts?

Ms. **Steed**. We have just conducted a 1200 person nationwide survey on attitudes towards passive restraints; however, we do not have the results back on that yet.

There have been a number of surveys done by various groups and the answers depend very much on how the questions are framed. It depends on whether or not people are given information on the cost of various automatic protection systems.

But as soon as our survey results have been analyzed and we get the data back, we will be happy to provide it for the record.

[The information is not currently available.]

GSA AIR BAG CARS

Mr. **Lehman**. A few years ago, we provided NHTSA funds to contribute towards installing air bags in 5,371 model year 1985 cars bought by the GSA, DOD, and DOE. What has been the experience to date with those air bags?

Ms. **Steed**. The experience has been very good.

Mike, would you talk about the specific numbers of deployments?

Mr. **Finkelstein**. We have had over 40 deployments in the GSA fleet. Two or three of those occurred at high enough speeds, upwards of 20 miles an hour, that they would have been, or at least a possibility of a serious injury occurring, and in virtually every case there were no serious injuries. The other good news, though, is that in virtually every case the occupant of the GSA car was using the belt that was available, so they have been used, as we have been hoping would be the case, as a supplemental system, and it is providing the best possible protection to those drivers.

Mr. **Lehman**. I believe the GSA recently cancelled plans to buy another 2,000 cars equipped with air bags. Why were these plans cancelled? And did NHTSA offer to put up any funds towards purchasing these air bags?

Ms. **Steed**. My knowledge is probably the same as yours, and that is, I think GSA cancelled the procurement plan because of cost. That is as much as I know at this point. Did we offer to put up any funds towards purchasing these air bags? No, we did not.

But we strongly encouraged GSA to spec passive restraint cars of both types, air bags and automatic belts, and I hope that they will go back and do just that.

Mr. **Lehman**. And as you know, GSA buys about 50,000 cars a year. Would it not be possible for them to pursue a policy of purchasing only passive restraint-equipped cars beginning September 1? And have you urged them to do so?

Ms. **Steed**. As I said, I would like to see the GSA continue fleet purchases of passive restraints. I think that they will do so at some point. We have encouraged them to do it, similar to the phase-in requirements in the 208 rule—perhaps 10 percent one year, 25 percent, and so forth.

It will depend, to some degree, on which cars come equipped with passive restraints and the auto manufacturers' plans to put them in what size car.

If that corresponds to GSA's needs, with regard to car size, then I suspect they will purchase cars with passive restraints in them.

Mr. LEHMAN. Could you not convince them from the standpoint of cost-effectiveness, medical benefits, and so forth, that it would be cheaper for them to buy cars with passive restraints than it would be to buy cars without them?

Ms. STEED. I have talked to Administrator Golden and he believes very strongly in putting passive restraints into GSA cars. He told me he would like to purchase the very best possible safety equipment for government employees.

Mr. LEHMAN. Could you provide us some correspondence you may or may not have, with Mr. Golden in regards to this for our committee files.

AIR BAG DISCUSSIONS WITH GSA

Ms. STEED. Either correspondence, or I would be happy to summarize my meeting with him, of course.

[The information follows:]

There was no exchange of correspondence. However, on November 5, 1985, I met with GSA Administrator Golden to discuss what could be done to improve the safety of government employees travelling in government-owned vehicles. He indicated his support for safety belt use by employees and for belt use policies. He also expressed interest in considering the purchase of additional passive restraint-equipped cars for the government fleet. We discussed such things as funding for further purchases of such cars, how GSA might word its specifications for fleet purchases (e.g., parallel to the phase-in requirements of FMVSS 208), and other ways that GSA might be helpful in providing maximum auto safety for government employees. Although we did not come to any specific agreement as to how to proceed, I felt it was a very positive, productive conversation. Since that time, my staff and I have been working with GSA Assistant Administrator Donald Gray on specifications for fleet purchases.

MANDATORY PASSIVE RESTRAINTS IN GSA VEHICLES

Mr. LEHMAN. What do you think of possible legislation that would require GSA to buy cars with passive restraints?

Ms. STEED. Again I think we are going to have to look and see which cars the manufacturers decide to equip with passive restraints because such a requirement could result in all of us driving limousine-size cars.

Again, I can assure you that Mr. Golden fully believes in passive restraints and I think would like to purchase them.

ECONOMIC SAVINGS ATRIBUTABLE TO PASSIVE RESTRAINTS

Mr. LEHMAN. Last December 11, a NHTSA official told an auto fleet buyers conference "that the direct cost of a motor vehicle occupant death is $120,000 but the costs of a serious injury such as brain damage or quadriplegia are staggering."

He also said the additional costs, such as those associated with lost productivity or retraining would probably dwarf those direct costs.

If this is true, wouldn't it make clear economic sense for the federal government, or any large fleet buyer to only purchase passive restraint-equipped cars?

[The information follows:]

The most cost-effective means for any employer to reduce the economic costs of motor vehicle occupant accidents, is to require their employees to use the safety belts currently available in all vehicles. A program that would substantially raise safety belt use by employees, would provide immediate significant benefits at virtually no cost.

A fleet buyer may also wish to supplement such a belt use requirement by purchasing cars equipped with either automatic belts or airbags.

We have been encouraging fleet buyers to purchase air bag equipped cars for many reasons beyond economic concerns. In these early years of air bags being introduced into the marketplace, we believe that fleet use of the technology will do much to demonstrate its viability and to provide an opportunity for the general public to be exposed to these systems. Also as more air bag equipped vehicles are sold, the cost of airbags will decrease and make them affordable to a broader segment of the public.

AIR BAG DEMONSTRATION

Mr. **Lehman**. Please provide for the record an explanation of the experience to date you have observed with the 500 Breed air bag equipped police cars and the 550 Romeo-Kojyo air bag equipped police cars you have retrofitted.

[The information follows:]

Breed air bag installation in some 200 police cars is expected to start this summer. Meanwhile, the evaluation phase of the Breed system is nearing completion.

To date there have been 28 deployments in police cars equipped with the Romeo-Kojyo system. Experience with the fleet has been very positive. The air bags deployed in cases where the crash protection was desirable, and there have been no failures to deploy when needed. In the crashes in which air bags deployed, the air bag and safety belts helped to assure that the injuries were relatively minor.

On one occasion there was a non-crash air bag deployment in an unattended patrol car. The cause was attributed to water in the diagnostic unit. It was reported that the readiness indicator light, indicating a fault in the system, was on continuously prior to the incident. Improved design and operational procedures have been implemented to prevent this incident from being repeated.

WELCOMING REMARKS

Mr. **Lehman**. Mr. Carr.

Mr. **Carr**. Thank you, Mr. Chairman. You have had a lot of "softball" questions here. Are you ready for a "hardball" question?

Ms. **Steed**. Certainly.

Mr. **Carr**. Who are you picking to win the University of Kansas/Michigan State University basketball game tomorrow?

Ms. **Steed**. I hate to tell you, Mr. Carr, but you and I are probably on different sides in that issue.

[Laughter.].

Mr. **Carr**. I only want to commend you for the job you are doing, and for the rule on CAFE, and hope that that can be continued, and I will yield to my colleague from Illinois.

NATIONAL DRINKING AGE

Mr. **Durbin**. Thank you very much, and I am sorry, I do have to leave a little early. I took a look at your statement here, and I commend you for your efforts on drunk driving, and I would like to indicate to you that I have joined with Senator Lautenberg, and others, in trying to establish a permanent uniform national standard, and I assume that you would support that effort?

Ms. **Steed**. We would, indeed.

ILLINOIS FORMULA GRANTS

Mr. **Durbin**. I also would like to tell you, that the problem that we have in Illinois, because of your proposed budget cut, unfortunately affects this particular issue. Illinois officials estimate that your cuts in Section 402 programs will result in a reduction of approximately 54,000 hours of patrol time for State and local law enforcement officials, and they estimate this will result in 5,300 fewer DUI convictions.

How can we be doing both of these things at the same time, suggesting that we want to end drunk driving, and then eliminating the funds to help local law enforcement officials enforce the laws?

Ms. **Steed**. Actually they would not have to take a cut in the alcohol programs, Mr. Durbin. What we do is give the the States a certain amount of money as determined by formula and the State determines where they would like to spend it. If they would like to spend more money in the alcohol area, that is entirely up to their discretion.

Mr. **Durbin**. But of course if you are reducing the overall funds, then they are faced with hard choices, that naturally include shortchanging some areas to fund others. We cannot have it all, and if we are going to cut back at the federal level, then, I think we have to concede the fact to the American public that we are not maintaining our commitment to eliminating drunk driving.

Ms. **Steed**. Actually, though, we are pushing very strongly for anti-drunk driving program and again, if you look at the request that we made of $110 million, we also asked that that money not be earmarked, because we have a number of areas which have been "sectioned off," if you will. For example, by statute, 8 percent must be spent for child restraints, so much for 55, and so much for traffic records.

We have asked that all the earmarking be ended, and if that happens, that means an actual increase in the base program dollars that the States would have to spend, and that means they could choose to spend more money on alcohol programs.

So I am not sure that their impression of what we have done is correct.

Mr. **Durbin**. Well, I will check with them because I know Illinois has made a commitment as a State, and I do not believe that the Governor there, and the people in charge of that area of public safety would want to see cutbacks.

But I do have to express some concern about cutbacks in the program. If that is the end result, then next year, I am afraid that we are going to have to accept the consequences of that; but I will be glad to follow through with you on that. Thank you very much. Thank you, Mr. Carr.

Mr. **Lehman**. Do you want your time back, Mr. Carr?

BROOKINGS INSTITUTION STUDY OF FUEL ECONOMY

Mr. **Carr**. Only to ask a question. The "Washington Post" of yesterday referred to a Brookings Institute study which I gather questions the cost-benefit of some of the fuel economy regulations. Since it is just out, I would understand if you had not studied it; neither have I.

But have you got any off the top-of-the-head comments about it?

Ms. **Steed**. You are right, I have not taken a look at it, and I certainly intend to. I do believe they criticized the fuel economy regulations. It has long been my contention that the reason we have such a push towards fuel efficiency, has been the need to conserve energy, and gasoline prices, and so forth, that really brought the fuel efficiency level of the fleet up over the years.

I am not sure the fact that we had CAFE standards in place really had a whole lot to do with it. If I read the article correctly, that is what the Brookings people are saying also.

As far as the specifics in terms of costs and benefits, we would really have to look at the study.

BROOKINGS INSTITUTION STUDY ANALYSIS

Mr. **Carr**. Well, perhaps, given that it is something new to all of us, maybe you could submit your comments on this Brookings study for the record.

Ms. **Steed**. Certainly. I would be glad to.

[The information follows:]

The Brookings Institution study Regulating the Automobile concluded that the automobile producers' increase in fuel economy between 1973—just before the Energy Policy and Conservation Act (EPCA) was enacted—and 1981, is about what one would have expected given the rise in gasoline prices during that period; therefore, the CAFE standards appear to have provided little but nuisance value until recently. The study however argues that as gasoline prices have fallen in real terms since 1981, the standards have become a binding constraint distorting vehicle-manufacturing decisions. It concludes that the current regulations tend to increase the price of large cars and to decrease—or even subsidize—the price of small cars, making it more difficult for domestic vehicle manufacturers to purchase or produce their smaller cars in Japan or Korea where production costs are much lower. Thus, according to the study, CAFE has become an issue of trade protection as much as one of energy conservation.

The agency agrees that market forces have played a dominant role in improved fuel economy since 1973; however, it is difficult to separate out the precise roles played by market forces and CAFE standards. We also recognize that almost any government regulation will create some market distortions.

The study, in summary, concludes that to the extent that it is thought to be desirable to encourage energy conservation beyond that chosen by motorists at current or future gasoline prices, it would be much more efficient to obtain it through higher gasoline taxes. This is a much broader public policy issue on energy conservation, which goes beyond the provisions of EPCA and is thus not within the purview of the agency.

Mr. **Carr**. If I have any time left, Mr. Chairman, I will yield to my friend from Long Island, as I am supposed to meet a class of about 200 young people from my district.

NATIONAL DRINKING AGE

Mr. **Mrazek**. Thank you. I really do not have a lot of questions to ask you. I heard you testify to Mr. Durbin that you do support an increase to the age of 21 as part of a national drinking law, is that correct?

Ms. **Steed**. Yes. We do.

ALCOHOL-RELATED ACCIDENTS IN YOUNG AGE GROUPS

Mr. **Mrazek**. Statistically, if you were to break down young men and incidence of alcohol-related accidents for young men, is it fair to assume that that is a very high percentage amongst age groups?

Ms. **Steed**. I would think so but I do not have those statistics with me today.

Mr. **Mrazek**. It is my understanding that young women in that age category, and of course I believe there are more women than men in our society, perhaps, in that age category as well; but more than 50 percent of the people within that particular age group do not have a serious problem when it comes to an incidence of alcohol-related accidents.

And I am wondering if you would comment on why you would support an increase in the drinking age for young women, when there is no demonstrable correlation between alcohol-related accidents and this particular age group of young women in our country.

Ms. **Steed**. I would like to supply the statistics for the record, if I might; but we do see, if you look at arrest records, recently, many more young females are being arrested. I personally have attended several road blocks, for example, in this area, and in Maryland, and many of the people who were picked up at the road blocks were young women under the age of 21 that had a fairly high BAC.

This is one of those cases where, again, I would like to supply you the statistics; we may have had a problem all along, but we may not have been picking up the young women.

I think we have a prevalence of the problem of drinking and driving in that age group, in both young men and young women. It may not be equal, but the problem does exist.

Mr. **Mrazek**. Well, I know it exists with young men in that age category, but according to these statistics that I viewed from the insurance companies, young women have a lower incidence than many male-related age groups, and I am a strong supporter and advocate for the kind of effort that I think is far less injurious to individual rights, and that is, road blocks during holiday periods when there appears to be a higher incidence of alcohol consumption, and where individual States and local municipalities make a real effort to provide that kind of check on the highways where many accidents do take place.

But at the same time, I think it is important to understand that many States which have lowered the age at which young people are going to be considered adults—for example, in the same year that New York raised the drinking age to 19, they lowered the age at which young people would be treated as adults, to 15, if they are accused of certain felonies and stand trial for a certain felony.

Now if someone is an adult in a court of law, it seems to me that there is a double standard in the way we are looking at this particular issue, and I do not take a back seat to anyone when it comes to highway safety.

But it seems to me that there is something wrong when virtually only the young men on that airliner coming back from the Middle East, who were putting their lives on the line for the United States, who crashed in Gander, Newfoundland, were not old enough to buy a can of beer under the kind of law that you would like to see passed, nationally, in this country.

Thank you, Mr. Chairman.

Mr. **Lehman**. Maybe we should poll your 200 young people and see how they feel about the drinking age law.

Mr. **Mrazek**. I do not believe polling is the right answer, when we decide questions like Nicaragua, or issues like this one, Mr. Chairman.

Mr. **Lehman**. You may be surprised. Mr. Wolf.

Mr. **Wolf**. Thank you, Mr. Chairman. I want to welcome you here and just ask a few very quick questions.

TEAM PROGRAM

One, the TEAM Program, that you call "Techniques for effective alcohol management." What is the status of that? We used to hear of the WRAP program in Washington. Is that funding going to be okay, and where are we on that?

Ms. **Steed**. As far as I know it is, Mr. Wolf. We are very pleased with the TEAM Program. We have expanded it to six or eight cities around the country, and it is doing very well.

If you would like a few more details, George can talk briefly about it.

Mr. **Reagle**. Yes. There are two parts to that, Mr. Wolf. The first part is, we work with seven National Basketball Association teams, and we go into the auditorium or arena, and see if they have any written policies.

If they do not, we work with them on a set of written policies. We then train all the internal employees, and basically, what we are trying to do is get an internal program where the employees of that facility understand the magnitude of the problem and we have some written policies in place.

Then we begin a public information campaign with the audience who attend any function within that. The third part of the program, which we have not gotten into, is that that arena would be the focal point for a community-based program similar to what WRAP is in D.C., and we have done Step 1, which is to go in and assess their policies.

We have trained in those seven communities. The NBA would like us to expand to all their teams, and concurrent with that, we would want the seven teams to begin their outreach programs.

As far as I understand, there is enough funding for the public information and education part of those campaigns. As a matter of fact, two PSA's have already been produced.

DISTRICT OF COLUMBIA DRINKING AGE

Mr. **Wolf**. Okay, good. I appreciate that because I know they use it at the Capital Center here, and in my area, during proms, they put cards in the tuxedos, and things like that, and I think it has helped. In this type of business you never know how many lives you save, but if you did not do it, I am sure you would lose a lot of lives. So I am just pleased that the funding is going to be there. The other question, and you have been so helpful, is on the 21 year drinking age in the District of Columbia. What should we do? Should we just cut off their funds? No, I mean it, seriously. I just do not know what is going to happen now.

There is an article in today's paper about the prisons, and they want more money for this, and I have never involved myself in the District's operation. I believe in home rule. I believe they have the right to operate the way they want. But now 40 States, or 41—how many States have raised the drinking age?

Ms. STEED. Thirty-eight have it.

Mr. WOLF. Thirty-eight. And I heard a couple more are ready. Someone kept using 40 or 41. Minnesota and West Virginia, have they gone up? I heard that they have.

Ms. STEED. I do not think they have actually been signed yet. I think they are working on it.

Mr. WOLF. Okay. Thirty-eight or forty States, and yet we have all these kids from around the country coming to Washington for these class trips in the spring, where the age is 18. We have the police chiefs surrounding Washington telling us that it is going to get really bad when 21 triggers in in Virginia; whereby now you go up to Georgetown and you find all the kids leaving Virginia, leaving Maryland and coming into the District. Canal Road, Key Bridge, Chain Bridge, at night, is almost like a—what can we do to get the District's attention on this?

Ms. STEED. I share your concern, Mr. Wolf. As you know, we have tried many different things. We have tried working with the private sector. We have written to the Mayor, and so forth. However they are more concerned about what revenue it is going to cut off if they would adopt a 21 year old drinking age.

Frankly, from a safety standpoint, I think they should look at the revenue on the other side of the question. Perhaps making the sanctions permanent, as opposed to losing the money for a year or two might help.

Mr. WOLF. Have not the sanctions been made permanent?

Ms. STEED. No, not yet. There has been a lot of debate and discussion, but, no, they have not, and that might get their attention.

Mr. WOLF. Well, the Reconciliation Bill—

Ms. STEED. Has passed the House but it has not gone through the Senate.

Mr. WOLF. Yes, passed the House, and a similar version passed the Senate. I mean, there are differences in the Reconciliation Bill over other issues, but that is input by the House and the Senate.

Ms. STEED. And once I think people see that that is the case, they may start taking it much more seriously.

Mr. WOLF. Do you know how much the District would lose?

Ms. STEED. I do not have it today but I would be glad to get it for you.

Mr. WOLF. Well, do you think we should withhold other money from the District?

Ms. STEED. I think that we can convince them, ultimately. I really do, because I am concerned, too, that the capital city should be a model, and as you said, for so many high school kids.

So we are not going to give up. We will continue working for it.

Mr. **Wolf**. Do you agree with me—and this is a leading question—that this is not involvement in home rule because this really deals with my district in Virginia, and also Maryland, because it is our young people that are involved. I mean, do you see a legitimate concern that this is a national issue and not just a D.C. home rule question?

Ms. **Steed**. It is very much of a national question and that is why we agreed and supported the legislation to go to 21. It is an interesting, tough problem, that we have right here at home, and I hope we can solve it soon.

Mr. **Wolf**. Well, do you have any ideas? Do you think maybe a press conference by you, or something to—maybe it is an educational process.

Ms. **Steed**. I think it is an educational process, and again, we have approached the private sector, some of the WRAP people to see if we can bring some public pressure on the District. We do not intend to stop.

Mr. **Wolf**. Thank you very much. If you have any ideas, give me a call. Thank you. No additional questions.

COURT OF APPEALS SAFETY BELT RULINGS

Mr. **Lehman**. Before we proceed to other topics, you mentioned that you would not rule on State belt laws until the court of appeals rules on the legality of your rule.

When do you expect this decision? One of the judges is now deceased, and they have not appointed anybody to replace him, have they?

Ms. **Steed**. They have, yes. One of the judges died last year. They did appoint another judge, Judge Scalia, and oral argument was held on March 11th. So it is back in the court's hands. It is anybody's guess as to when the decision will come out.

Let me clarify one thing, though, with regard to your question. There will be only one formal ruling on those laws, and that comes at the point that we reach two-thirds. If you are asking about informal advice, I think we would have to re-visit that question after the court decision comes out.

Mr. **Lehman**. Well, you know, as we have been talking about, these laws vary widely. Some of them make it only illegal if they are arrested for some other traffic violation.

Some have first-time warnings; some have $20 fines; some have a $25 fine. There is such a variety, such a "mixed bag" of how they are enforced and how they are written. You have to have some kind of a baseline minimum standard for these laws, in order to have them mean anything.

And I hope that you can come out with some guidance, that, on or before this decision, that is viable enough to count laws that are both enforceable and accountable.

FATALITIES IN SELECTED STATES

Mr. **Lehman**. You mentioned in your opening statement that the number of highway fatalities declined between 1984 and 1985—from 44,241 to about 44,000. Which two states had the largest percentage increase between 1984 and 1985, and which two states had the largest percentage decrease?

And, could you briefly explain the major reasons for the large increases or decreases in each of these states?

Ms. STEED. The two states that had the largest increase between 1984 and 1985 were Rhode Island and Maryland. And the two states that had the largest percentage decrease were Delaware and Nebraska.

Now, as far as the specific reasons in those four states for the increase or decrease, we have just received the state-by-state fatality statistics.

So, we can tell you which states they are but we have not been able to do the analysis as to the reasons why.

And we will do that, to the extent we can. But if you look overall at what is happening in the nation, we are seeing blood alcohol concentrations go down significantly. In 1985 the percentage of drunk drivers that died in traffic accidents continued to decrease. It went from 40 percent down 39 percent. And if you look at passenger car occupant fatalities, we see about a 3.4 percent drop in passenger car occupant fatalities, and that is compared to a 1.7 decrease the year before.

So, I would have to say that our concentration on ending drunk driving and our concentration on belt use nationwide is having an effect. As to the specifics in those four states, we will have to look at that.

Mr. LEHMAN. What bothers me is that I always looked to Maryland as a State that really forced the 55 mph speed limit. I also admire Maryland because it has good emergency medical services. It has been a pioneer in that. And you would think that, instead of being one of the ones that had an increase, they would be one of the ones that had the largest decrease.

Ms. STEED. I share that concern with you but again, if you are looking state-by-state, we are talking about some very, very small numbers.

So, I am not sure that we will be able to isolate exactly what the causes are but we will be looking at it.

Mr. LEHMAN. But you think the data is pretty much valid though?

You know, some of this data I am not sure is always so valid. You do not question the data on this?

Ms. STEED. No, I would not have any question about the validity.

ALCOHOL RELATED FATALITIES IN 1985

Mr. LEHMAN. Of the total number of fatalities in 1985, what percentage involved drunk driving—and is that percentage increasing or decreasing?

[The information follows:]

Of the estimated 43,500 traffic fatalities in 1985, approximately 41 percent occurred in crashes in which at least one driver or pedestrian had a blood alcohol concentration of 0.10 percent or above—the usual definition of legal intoxication. This percentage has dropped from 43 percent in 1984, 45 percent in 1983, and 46 percent in 1982.

FATALITY RATES IN OTHER COUNTRIES

Mr. LEHMAN. Please update for the record the table comparing international fatality rates found on page 387 of last year's hearing record.

[The information follows:]

HIGHWAY FATALITIES PER 100 MILLION VEHICLE MILES FOR SELECTED COUNTRIES

Country	1983	1984
Austria	8.1	7.3
Finland	3.3	2.9
France	7.3	...
Germany, Federal Republic	5.4	4.6
Italy	4.6	...
Netherlands	3.7	3.3
Norway	3.6	3.5
Spain	10.0	10.0
Switzerland	4.4	4.1
United Kingdom	3.3	3.4
United States	2.6	2.6

Source: "Statistics of Road Traffic Accidents in Europe," vol. 31 United Nations, 1986.

FATALITIES BY STATE

Mr. LEHMAN. Please also provide for the record an updated table of state traffic fatalities found on page 388 of last year's hearing record.

[The information follows:]

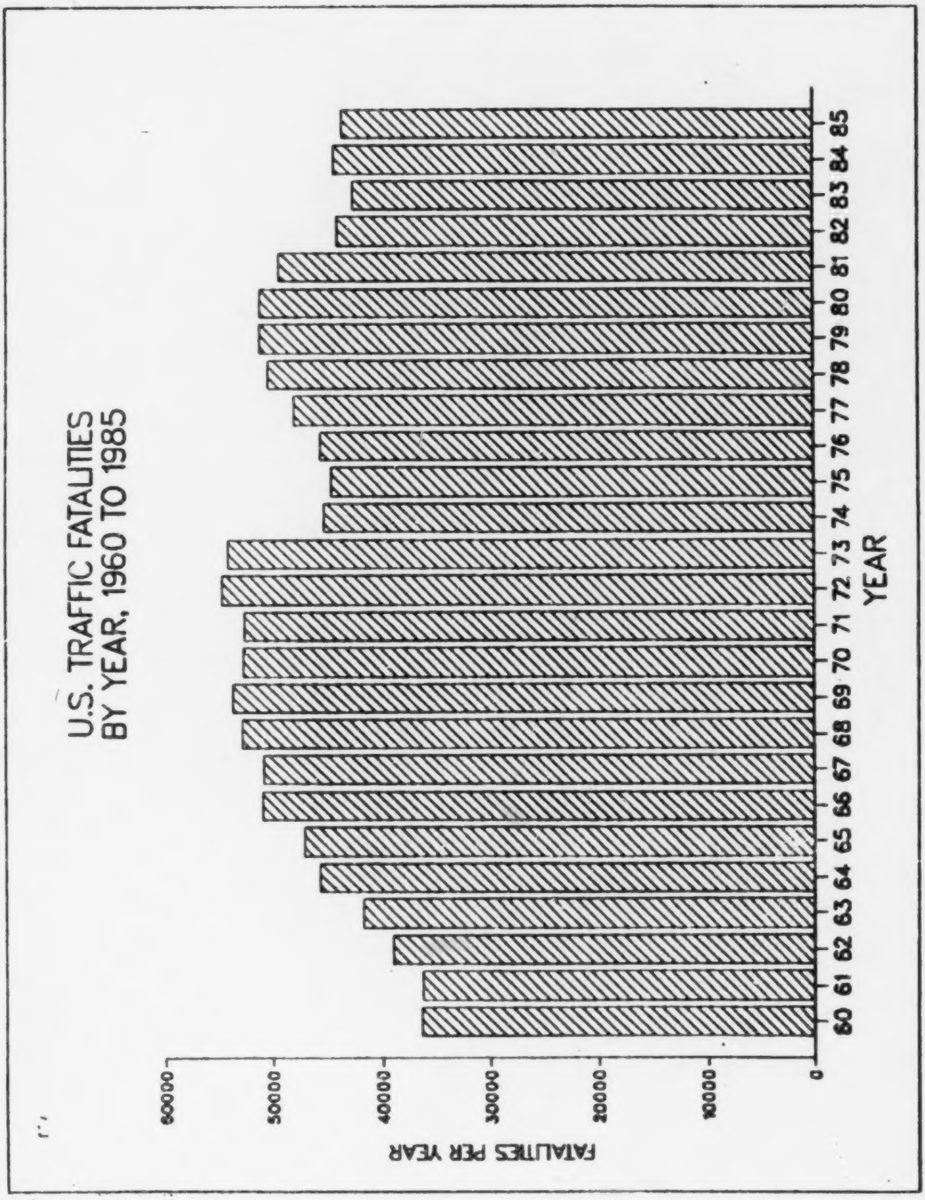
FATALITIES BY STATE

STATE	1985	1984	1983	1980	% CHANGE 80 TO 83	% CHANGE 83 TO 84	% CHANGE 84 TO 85
ALABAMA	858	931	930	940	-1%	0%	-8%
ALASKA	123	134	150	88	70%	-11%	-8%
ARIZONA	891	869	675	947	-29%	29%	3%
ARKANSAS	533	524	557	588	-5%	-6%	2%
CALIFORNIA	4,963	5,020	4,573	5,496	-17%	10%	-1%
COLORADO	577	608	646	709	-9%	-6%	-5%
CONNECTICUT	450	469	438	575	-24%	7%	-4%
DELAWARE	104	130	110	153	-28%	18%	-20%
DIST. OF COLUMBIA	61	64	66	41	61%	-3%	-5%
FLORIDA	2,860	2,810	2,686	2,825	-5%	5%	2%
GEORGIA	1,360	1,409	1,296	1,508	-14%	9%	-3%
HAWAII	126	138	141	186	-24%	-2%	-9%
IDAHO	255	242	263	331	-21%	-8%	5%
ILLINOIS	1,524	1,546	1,526	1,975	-23%	1%	-1%
INDIANA	977	925	1,016	1,166	-13%	-9%	6%
IOWA	490	420	514	626	-18%	-18%	17%
KANSAS	484	510	411	595	-31%	24%	-5%
KENTUCKY	710	754	778	820	-5%	-3%	-6%
LOUISIANA	854	961	933	1,219	-23%	3%	-11%
MAINE	206	232	224	265	-15%	4%	-11%
MARYLAND	738	643	656	756	-13%	-2%	15%
MASSACHUSETTS	722	666	651	881	-26%	2%	8%
MICHIGAN	1,503	1,525	1,314	1,750	-25%	16%	-1%
MINNESOTA	624	582	555	848	-35%	5%	7%
MISSISSIPPI	665	679	715	695	3%	-5%	-2%
MISSOURI	929	967	911	1,175	-22%	6%	-4%
MONTANA	223	238	286	325	-12%	-17%	-6%
NEBRASKA	237	285	255	396	-36%	12%	-17%
NEVADA	258	249	253	346	-27%	-2%	4%
NEW HAMPSHIRE	188	191	191	194	-2%	0%	-2%
NEW JERSEY	959	927	932	1,120	-17%	-1%	3%
NEW MEXICO	534	497	531	606	-12%	-6%	7%
NEW YORK	1,920	2,054	2,077	2,610	-20%	-1%	-7%
NORTH CAROLINA	1,469	1,450	1,234	1,503	-18%	18%	1%
NORTH DAKOTA	90	100	116	151	-23%	-14%	-10%
OHIO	1,604	1,646	1,582	2,033	-22%	4%	-3%
OKLAHOMA	741	797	848	959	-12%	-6%	-7%
OREGON	557	572	550	646	-15%	4%	-3%
PENNSYLVANIA	1,770	1,727	1,721	2,089	-18%	0%	2%
RHODE ISLAND	108	79	100	129	-22%	-21%	37%
SOUTH CAROLINA	947	916	844	852	-1%	9%	3%
SOUTH DAKOTA	128	143	175	228	-23%	-18%	-10%
TENNESSEE	1,107	1,095	1,037	1,153	-10%	6%	1%
TEXAS	3,630	3,912	3,823	4,366	-12%	2%	-7%
UTAH	303	315	283	334	-15%	11%	-4%
VERMONT	115	114	94	137	-31%	21%	1%
VIRGINIA	973	1,013	901	1,045	-14%	12%	-4%
WASHINGTON	739	746	698	971	-28%	7%	-1%
WEST VIRGINIA	417	438	425	523	-19%	3%	-5%
WISCONSIN	744	822	725	972	-25%	13%	-9%
WYOMING	152	157	173	245	-29%	-9%	-3%
U.S. TOTAL	43,500	44,241	42,589	51,091	-17%	4%	-2%

FATALITIES BY YEAR

Mr. **Lehman**. Please provide also for the record an updated traffic fatality bar chart found on page 390 of last year's hearing record.

[The information follows:]

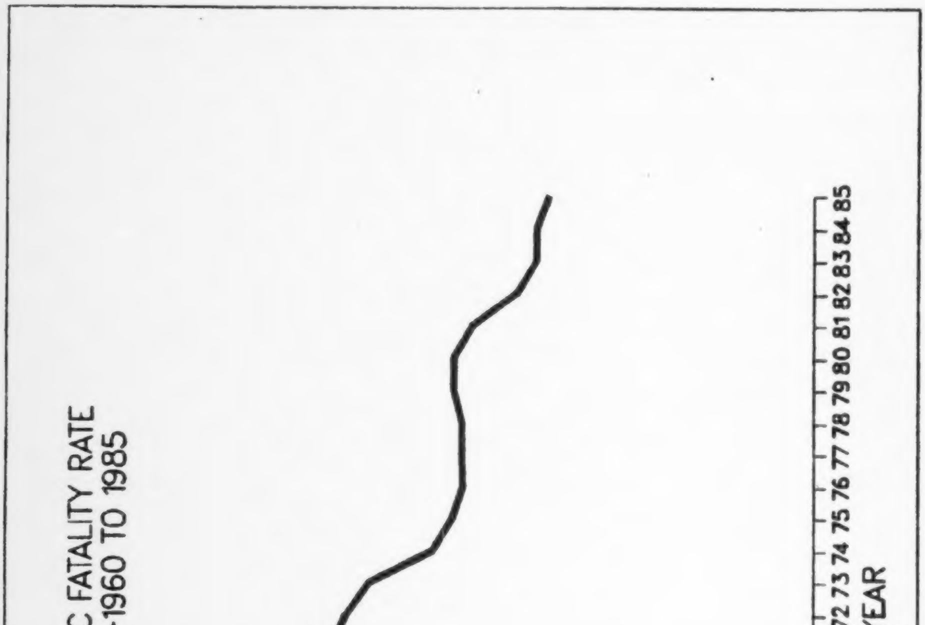


U.S. TRAFFIC FATALITIES BY YEAR, 1960 TO 1985

FATALITY RATES BY YEAR

Mr. LEHMAN. Please also update for the record the traffic fatality rate graph found on page 392 of last year's hearing record.

[The information follows:]



U.S. TRAFFIC FATALITY RATE
BY YEAR—1960 TO 1985

MOTOR VEHICLE FATALITY TRENDS

Mr. **Lehman**. Please also provide for the record an updated motor vehicle fatality trends table found on page 394 of last year's hearing record.

[The information follows:]

Trends in Motor Vehicle Traffic Deaths in the United States

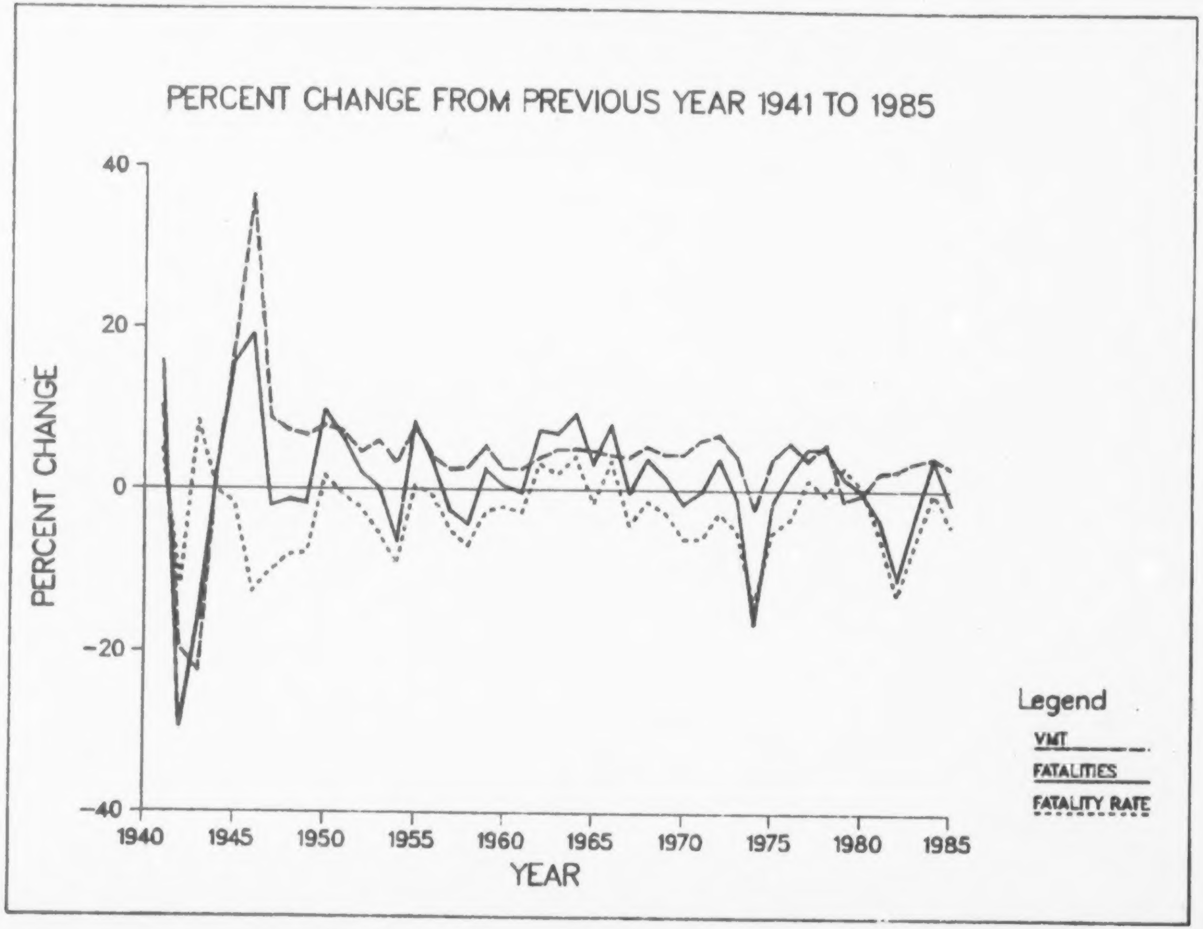
1964, 1974-1984

Item	1964	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Deaths	45,645	45,196	44,525	45,523	47,878	50,331	51,093	51,091	49,301	43,945	42,589	44,241
Motor Vehicle Travel (billion of vehicle miles)	846	1,281	1,328	1,402	1,467	1,545	1,529	1,528	1,556	1,592	1,658	1,717
Registered Motor Vehicles (100,000)	864	1,349	1,379	1,435	1,473	1,536	1,596	1,616	1,641	1,652	1,694	1,720
Resident Population (100,000)	1,911	2,133	2,155	2,176	2,198	2,221	2,246	2,272	2,295	2,318	2,340	2,362
Licensed Drivers (100,000)	955	1,254	1,298	1,340	1,381	1,408	1,433	1,453	1,471	1,503	1,542	1,554
Death Rates												
Per Hundred Million Vehicle Miles	5.39	3.53	3.35	3.25	3.26	3.26	3.34	3.34	3.17	2.76	2.57	2.58
Per 100,000 Registered Vehicles	52.83	33.50	32.28	31.73	32.51	32.76	32.01	31.62	30.04	26.60	25.14	25.40
Per 100,000 Resident Population	23.89	21.18	20.66	20.92	21.79	22.66	22.75	22.49	21.50	18.96	18.20	18.73
Per 100,000 Licensed Drivers	47.80	36.03	34.31	33.96	34.66	35.74	35.66	35.16	33.52	29.24	27.62	28.13
Vehicle and Driver Relationship												
Ratio, Registered Motor Vehicles to Licensed Drivers	0.90	1.08	1.06	1.07	1.07	1.09	1.11	1.11	1.12	1.10	1.07	1.11
Ratio, Registered Motor Vehicles to Resident Population	0.45	0.63	0.64	0.66	0.67	0.69	0.71	0.71	0.72	0.71	0.72	0.74
Ratio, Licensed Drivers to Resident Population	0.50	0.59	0.60	0.62	0.63	0.63	0.64	0.64	0.64	0.65	0.66	0.67

CHANGES IN FATALITY FACTORS

Mr. **Lehman**. Please also update for the record the percentage change graph found on page 397 of last year's hearing record.

[The information follows:]



PERCENT CHANGE FROM PREVIOUS YEAR 1941 TO 1985

TRUCK SAFETY STATISTICS

Mr. **Lehman**. Of course, the Secretary has made truck safety one of her budget priorities for this year. There seems to be quite a bit of contradictory information being circulated about the extent of this problem, and whether or not it is a growing problem.

What do your statistics show about truck accidents, injuries, and fatalities over the last five years?

Does the country have a truck safety problem? And if so, is it a growing problem?

Ms. **Steed**. Looking at fatal accidents for large trucks, you have to look at both the number of fatal accidents and the vehicle miles traveled.

If you look at the chart, from about 1979, we saw a reduction. And then back up again in 1981, a drop in 1982 and it is beginning to creep back up slightly.

TRUCK ACCIDENT STATISTICS

Mr. **Lehman**. Please expand on your answer for the record, citing pertinent statistics and charts.

[The information follows:]

In the case of fatalities, NHTSA has excellent data on fatal accidents involving trucks from our Fatal Accident Reporting System (FARS). The FARS data for medium/heavy trucks (trucks over 10,000 lbs GVWR) and combination trucks, for the last 5 years, is presented in the attached table. Data on vehicle miles and registrations is included so that rates can be calculated.

The agency considers truck safety to be very much of a problem. Medium and heavy trucks greater than 10,000 pounds are involved in approximately 12% of fatal crashes. In 1984, they accumulated 8% of the total vehicle mileage but comprised less than 3% of the motor vehicle fleet. In 1984, there was a 12.4% increase in the number of occupant fatalities in medium and heavy trucks involved in single vehicle collisions, and they continue to account for approximately 23% of the fatalities resulting from vehicle to vehicle crashes.

Fatality data in combination vehicles represents only a portion of the total truck safety problem. Truck accident and injury data are not presently available to accurately scope the remainder of the problem. The increasing number of vehicles, with little or no increase in the number of roadway miles increases the probability of truck-car encounters. When a truck accident occurs, it often results in lengthy traffic delays and in the case of accidents involving hazardous materials, may result in evacuations of large numbers of people. Such accidents, although they may not involve a fatality, contribute to the public's perception of trucks as a significant safety problem.

MEDIUM/HEAVY TRUCKS IN FATAL CRASHES, ALL VEHICLES OVER 10,000 POUNDS GVWR

	Fatal accidents	Trucks involved	Truck occupant fatalities	Total fatalities	VMT (millions)	Total fatalities 100M VMT
1980	5,040	5,376	1,261	5,968	NA	
1981	4,921	5,223	1,132	5,799	NA	
1982	4,378	4,628	943	5,209	NA	
1983	4,600	4,861	979	5,475	134,691	4.06
1984	4,814	5,102	1,073	5,618	140,037	4.01
1984 [1]	([2])	5,188	1,087	5,657	140,037	4.04

[1] The 1984 figures are adjusted to include the distribution of unknowns.

[2] Figures for number of fatal accidents adjusted for the distribution of unknowns are not yet available.

Note.—Fatality data is from FARS, VMT and registration vehicle data is from FHWA.

COMBINATION TRUCKS—INCLUDING BOBTAILS AND STRAIGHT TRUCKS PULLING TRAILERS

	Fatal accidents	Trucks involved	Truck occupant fatalities	Total fatalities	VMT (millions)	Registered vehicles	Total fatalities 100M VMT	Total fatalities/100K reg. vehicle
1980	3,731	3,957	904	4,473	67,386	1,405,000	6.64	318.36
1981	3,863	4,070	850	4,594	69,388	1,255,500	6.62	365.91
1982	3,519	3,708	744	4,226	71,129	1,232,156	5.94	342.98
1983	3,645	3,839	756	4,365	73,562	1,273,430	5.93	342.78
1984	3,907	4,122	872	4,606	76,869	1,259,500	5.99	365.70
1984	[1] [2]	4,232	902	4,700	76,869	1,259,500	6.11	373.16

[1] The 1984 figures are adjusted to include the distribution of unknowns.

[2] Figures for number of fatal accidents adjusted for the distribution of unknowns are not yet available.

Note.—Fatality data is from FARS, VMT and registration vehicle data is from FHWA.

TRUCK ACCIDENT RATE

Ms. STEED. The accident rate, if you want to look at it, was at 6.22 for 1979 and it is at 4.94 for 1984 and we have the numbers intervening. So it is starting to creep back up.

Mr. LEHMAN. It is creeping back up.

TRUCK STUDY BY THE NEW YORK AUTOMOBILE ASSOCIATION

Mr. LEHMAN. According to the New York State Automobile Association, a 1981 traffic study showed that trucks over 26,000 pounds accounted for 20 percent of total vehicle miles traveled but 35.3 percent of "fatal crash involvement." Does your data indicate that trucks have a disproportionate share of fatal accidents?

Mr. SMOLKIN. Well, it is difficult, Mr. Chairman, to judge the New York AAA study because we cannot find the source of the data. The Federal Highway Administration which does gather data on VMT does not segregate its data for trucks, at that level, 26,000 and over.

But if you look at 10,000 pounds and over, those trucks accounted for 10.2 percent of the 1984 vehicle miles traveled and about 8.9 percent of the total involvement in vehicles. Now, what the New York AAA may have been looking at, is the figures that relate to the portion of fatalities involving trucks and multi-vehicle fatal crashes.

If you judge just that segment, what you are really talking about is a percentage of about 23.5 percent.

Mr. LEHMAN. Based on those figures, do you feel that trucks are disproportionately a source of fatal accidents than passenger cars?

Mr. SMOLKIN. Yes, they are disproportionately involved.

Mr. LEHMAN. You mean a disproportionately low or high?

Mr. SMOLKIN. No, their accident involvement rate is higher than passenger cars.

Mr. LEHMAN. I see.

Please expand on your answer for the record.

[The information follows:]

The New York State Automobile Association report is currently being reviewed by the agency.

Mileage data are not available for all trucks weighing 26,000 pounds or more. According to Federal Highway Administration vehicle mileage data however, medium and heavy trucks (those weighing 10,000 pounds or more) accumulated 8% of the total vehicle mileage in 1984, the most recent year for which data are available. They accounted for 8.8% of the total vehicle involvements in fatal accidents in 1984.

These accidents resulted in 5,657 total fatalities, 12.8% of the total number (44,257) of people killed in all highway related accidents that year.

Considered in the aggregate, these data indicate that medium and heavy trucks are not disproportionately involved in fatal accidents, but when they do have accidents they tend to have serious/fatal consequences. It is primarily the occupants of other vehicles involved in collisions with trucks that suffer those consequences.

AUTO VERSUS TRUCK STOPPING DISTANCES

Mr. **LEHMAN**. Many safety experts believe that improvements can be made in the truck braking area. How long does it take the average passenger car to come to a complete emergency stop compared to a fully loaded tractor trailer and an empty tractor trailer, assuming they are all traveling at 60 miles per hour?

Ms. **STEED**. Our statistics show that for cars, the average stopping distance is between 160 and 280 feet. An average would be about 175 feet. If you are talking about an empty tractor trailer, truck and trailer combination, it is about 300 to 400 feet.

AMERICAN VERSUS EUROPEAN TRUCK BRAKE STANDARDS

Mr. **LEHMAN**. According to the New York State Automobile Association, "the brakes in most American heavy trucks are based on 1950's technology while the European Economic Community have mandated truck braking standards that have made truck stopping distances comparable to those of private passenger cars." Why have the Europeans apparently jumped ahead of us in developing braking standards?

Are their standards better than ours from a safety viewpoint?

Ms. **STEED**. Actually that is not quite true. European regulations require 5.8 per second deceleration for cars, and a 5.0 second deceleration for trucks. And my experts tell me that it is really physically impossible for a truck to stop in the same distance as a car.

And there is a general perception that Europe has done a better job than we have in heavy trucks and for that reason, we have purchased a number of European trucks and are testing them out at our Ohio facility.

Mike, you might want to expand.

Mr. **FINKELSTEIN**. Yes, basically we have just done that. We have gotten the top of the line European truck and we have got it equipped with and without anti-lock systems and we are in the process of—

Mr. **LEHMAN**. Volvo or Mercedes?

Mr. **FINKELSTEIN**. This is a Volvo, and we are putting it through with the Westinghouse airbrake, has the antiskid on it and we are putting it through its paces right now. Our expectation is that it would certainly be any longer but we do not know yet.

Mr. **LEHMAN**. For this Committee, give us as much information as time goes by as you can on this.

Ms. **STEED**. We would be glad to.

SECOND GENERATION ANTI-LOCK TRUCK BRAKES

Mr. **LEHMAN**. Of course, NHTSA proposed mandating anti-lock truck brakes in the 1970's as a part of its safety standard "121" federal brake regulation. The "121" rule was rescinded in 1978 amid allegations that the technology was not reliable. The Europeans reportedly have developed second generation anti-lock brake technology for both trucks and cars, which supposedly overcomes the earlier problems.

What do your tests indicate about the reliability of these new anti-lock systems?

Specifically, have the problems of dirt, water, and salt intrusion been overcome?

[The information follows:]

Anti-lock systems are now an option on some European heavy vehicles. Only a small portion (less than 10 percent, most of which are buses) of the motor carrier fleet in Europe are equipped with anti-lock systems. At this time, no reliability data exist. The NHTSA is currently evaluating the test track performance of the European anti-lock systems and plans to assess the reliability of these systems in fleet service.

ANTI-LOCK BRAKE RULEMAKING PLANS

Mr. **Lehman**. Do you have plans to begin a new anti-lock brake rulemaking? If so, when? If not, why not?

Ms. **Steed**. As far as a rulemaking goes, we have no specific plans at this point, because we want to approach this a little more carefully than the agency did in the past.

And what we intend is to do some fleet testing on anti-lock brakes. We have a proposal circulating in the agency at this point to take a look specifically at reliability which is what the court questioned.

So we are working on a specific research plan to put some anti-lock brake equipped trucks on the road and let people see how they perform and see the improvements that have been made.

Mr. **Lehman**. Is fleet testing in your budget?

Ms. **Steed**. I believe it is, yes.

Mr. **Miller**. Mr. Chairman, if I may follow-up a bit on the anti-lock rulemaking question. In the late 1970's the courts struck down our prior anti-lock or stopping distance requirement for large trucks and the court specifically criticized the agency for not having conducted testing and considered reliability.

And so, in effect, we have a standing court order that instructs us to consider and test reliability beforehand and that is exactly the direction in which we are headed, to do some exhaustive, both test center testing, and then actual on-road fleet testing to determine whether we can develop a rule that will hold up in court.

ANTI-LOCK BRAKE TEST SCHEDULE

Mr. **Lehman**. For the record, put your schedule of time tests in as you foresee it.

[The information follows:]

The NHTSA is currently quantifying the improvement possible with the use of anti-lock brake systems which are currently available as options on European tractor-trailers. We are evaluating, on the test track, the WABCO, Bosch and Bendix-France anti-lock systems as well as the preformance (and cost) of various anti-lock control strategies—i.e., individual wheel control, axle-by-axle control, etc. We anticipate that these tests will be completed early in fiscal year 1987.

This work will serve as the basis for an anti-lock field evaluation which will assess whether anti-lock systems can work efficiently and reliably in fleet service. We envision that this will be a 2-year study involving approximately 50 vehicles with testing beginning in fiscal year 1988.

The major issue being addressed by the agency is reliability of the systems in fleet service. It is our opinion that the schedule as presently proposed represents the minimum appropriate for an adequate program.

TRUCK LOAD PROPORTIONING DEVICES

Mr. LEHMAN. I believe that you also have been evaluating load proportioning devices to prevent jackknifing which are in common use in Europe. What has your research found—are these devices feasible for American trucks, and should they be mandated?

Mr. FINKELSTEIN. No, they are not really. This is one area where the basic designs of the truck are different enough that it would not be possible to import that technology.

It deals with suspension stiffness and just how you determine whether or not a trailer is loaded or unloaded and the system, the trucks built in the United States have much stiffer suspensions, and the result is that it is not a sensitive enough system to be able to determine whether or not they are there.

Anti-lock is the device that would make much more sense given the way trucks are designed in the U.S.

BMCS—NHTSA FRONT BRAKE REQUIREMENTS

Mr. LEHMAN. The Committee expressed displeasure with the Secretary last month about a recent television news report that showed an apparent communications breakdown between NHTSA and the Bureau of Motor Carrier Safety. According to that report, 50 percent of all truck drivers have disconnected their front brakes in the mistaken belief that this would give them better control in quick-stop situations.

NHTSA studies reportedly show conclusively that this assumption is wrong, which apparently is the reason that you require truck manufacturers to install front brakes.

Yet the BMCS has allowed truckers to disconnect these same front brakes since 1952. Secretary Dole assured us last month that the BMCS would change their regulations "as fast as feasible". That is good. But what is disturbing about this case is the fact that it took a television news report and a Congressional Committee to force action on something that should have been accomplished on its own. Why wasn't this accomplished before now?

And what was the safety impact of this delay in your view?

Ms. STEED. Who can say why it was not accomplished before now. It is always difficult when you have two organizations to coordinate with to make sure that things move forward smoothly.

As far as the safety impact of any delay, I would not know how to quantify that, Mr. Chairman. We are concerned and we have advocated that the front brakes be re-attached. We are very pleased to see BMCS moving in that direction. It is my understanding that they are just about to issue a rule that will require that the front brakes be kept in working order and it should be out very shortly.

TRUCK FRONT BRAKE RULEMAKING

Mr. **Lehman**. When will the final rule requiring truckers to keep their front brakes connected be issued?

[The information follows:]

It is our understanding the BMCS will soon propose to delete their present exemption (from the requirement for brakes on all axles) for three axle trucks and require operable brakes on all axles of all trucks. A final rule is scheduled to be issued in October 1986.

TRUCK BRAKE PROPOSAL FOR OLDER VEHICLES

Mr. **Lehman**. I believe that the BMCS has questioned whether this new rule should "grandfather" some truckers who have removed their front brakes on older trucks, due to the economic cost of finding parts. What is the safety impact of such a "grandfathering" provision, and do you support it?

Ms. **Steed**. It is my understanding that some people have actually removed braking parts from——

Mr. **Lehman**. And they are not available any more?

Ms. **Steed**. That is my understanding. Although I have not looked into it in any great detail, BMCS will do so as it issues its rule.

Mr. **Lehman**. Would you take a position on this loophole for the record?

Ms. **Steed**. We would like to look at it for the record and be happy to supply it.

[The information follows:]

The Department is currently reviewing the issue of whether to apply the truck brake proposal to older vehicles. Since the potential safety effects of the proposal will depend on how many, if any, trucks would be grandfathered, we cannot estimate those effects at this time. Since the BMCS truck brake requirement is only at the proposal stage, the public will have an opportunity to comment on any proposed grandfathering. The Department will carefully consider those comments and the safety effects of grandfathering before adopting a final rule.

NHTSA/BMCS COOPERATION

Mr. **Lehman**. How would you characterize your relationship with the BMCS—do you communicate regularly, and do they listen to your advice?

Ms. **Steed**. They hear what they want to hear. We have tried to improve communications in this area, and with the appointment of the new associate administrator for Motor Carriers, we have set up regular meetings where we can talk directly to those folks and we can have our research people who are doing vehicle research and our drivers' licensing people who are in TSP, can talk directly with Dick Landis and his people on a regular basis.

So, I expect things to be very much improved in the future.

Mr. **Miller**. Mr. Chairman, if I could add, the BMCS rulemaking and the supporting efforts for the revision of the front brake rules are based in part on data supplied by NHTSA, results from some testing that we conducted at our Ohio facility. So I believe the communications are improving, between the two agencies.

Mr. **Lehman**. Are you reviewing some of this Bureau of Motor Carrier Safety rulemaking on a regular basis so that you know what is happening over there?

Ms. **Steed**. Yes. They send them to us for comment and review.

TRUCK UNDERRIDE/OVERRIDE ACCIDENTS

Mr. **Lehman**. For the past 15 years, NHTSA has been researching improved methods to prevent truck underride/override accidents. How serious a problem is this, and do any truck bumper improvements look promising to you?

Mr. **Miller**. Mr. Chairman, our statistics indicate that truck underride accidents account for approximately 300 fatalities, occupant fatalities per year which is less than 1 percent of all fatalities, overall. Although it is still a noticeable number, it is likewise a small proportion of overall fatalities involving larger commercial vehicles.

There have been some underride devices that have been proposed that we have been looking at. There are questions as to their effectiveness in terms of their cost. There are also some alternative measures that we have been looking at that likewise seem to have similar if not greater effects not only at mitigating the impact of a crash but in helping to avoid the crash in the first place. Those are what we refer to as conspicuity enhancements—additional lighting, reflective tape for trucks. We conducted an on-road fleet test over a period of about two years and had some very promising results from that and we are going to do—we are currently working to try to disseminate the results of that research and we will be looking at both underride and conspicuity to determine whether any sort of regulatory changes should be made in those two areas.

Mr. **Lehman**. You are saying that the bumper improvements are really not a high priority right now?

Mr. **Miller**. Well those types of accidents account for a relatively small proportion of overall——

Mr. **Lehman**. Yes, but they are the most horrible accidents that we witness.

Mr. **Miller**. You are absolutely correct, Mr. Chairman, they are—there are other many terrible types of truck and occupant accidents as well and if we can avoid those types of crashes in the first place, we think that may well be preferable than simply trying to mitigate the effect on the passenger car occupant.

TRUCK UNDERRIDE/OVERRIDE RULEMAKING SCHEDULE

Mr. **Lehman**. Do you think that you will be in a position to complete a rulemaking on the truck underride/override issue any time within the next two years?

[The information follows:]

We certainly expect to be in a position to take action on the truck rear end crash problem within the next year. The type of action will, however, depend upon the outcome of the results obtained from the recent field test program which evaluated the effects of improved conspicuity of heavy vehicles. In addition, we are working with the Bureau of Motor Carrier Safety of the Federal Highway Administration on the update of their regulation.

SPLASH AND SPRAY SAFETY PROBLEM

Mr. **Lehman**. Another area of some controversy is in the area of splash guards for trucks. There is an argument over whether spray from trucks is even a safety problem. For instance, a representative of the American Trucking Association says and I quote:

"Accident statistics do not show a lot of people who go out of control because of splash and spray. Sure, it is an annoyance, but because people slow down and are more careful, the accidents are not there." [Larry Strawhorn, ATA chief engineer, Journal of Commerce, 10-22-85.].

Is truck splash and spray a safety problem in your view?

Ms. STEED. When we issued a notice of proposed rulemaking.last year, I think that we said that splash and spray could contribute to anywhere from 1,000 to 90,000 accidents. It is very difficult as this says, statistically, to get a handle on that.

There is no question in my mind that it is the subject of a great deal of public concern and consternation. It is probably the number one safety issue I hear mentioned by motorists as I go around the country.

But whether or not it is a specific safety problem, is something that we are trying to get a handle on.

SPLASH AND SPRAY RULEMAKING

Mr. LEHMAN. The Surface Transportation Assistance Act of 1982 requires you to conduct a rulemaking to require the installation of new splash and spray devices on trucks. When was your NPRM published on this and what would it require?

Ms. STEED. It was published on April 12, 1985.

We proposed three different levels of splash and spray treatment for public comment to see if they would make a difference. We received a number of comments, the comment period ended August 12, 1985. We received some additional testing results from MVMA after that, along with comments from others so that we have reopened the docket in this case.

Mr. LEHMAN. Please provide for the record a copy of your splash and spray NPRM.

[The information follows:]

The agency issued a notice of proposed rulemaking on splash and spray suppression devices which was published in the Federal Register on April 12, 1985, (50 FR 14632). A copy of the notice is attached.

federal register

Friday
April 12, 1985

Part V

Department of Transportation

Federal Highway Administration and National Highway Traffic Safety Administration

49 CFR Parts 393 and 584

Splash and Spray Suppression Devices
Proposed Rules

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

49 CFR Part 393

[BMCS Docket No. MC-115; Notice No. 85-4]

Splash/Spray Suppression Devices

AGENCY: Federal Highway Administration, DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: The FHWA proposes to require: (1) The installation of splash/spray suppression devices on all truck tractors and certain semitrailers and trailers built beginning 1 year from the effective date of the Final Rule on this subject, and operated on the Interstate Highway System on and after a date 4 years from the effective date of a final rule; and (2) the maintenance of all such devices, whether retrofitted or installed when the vehicle was manufactured. This rulemaking is intended to implement section 414 of Pub. L. 97-424 signed January 6, 1983, concerning the reduction of splash and spray from truck combination units operated on the Interstate Highway System.

DATE: Comments must be received on or before May 28, 1985.

ADDRESS: All comments should refer to the docket number that appears at the top of this document and must be submitted (preferably in triplicate) to Room 3404, Bureau of Motor Carrier Safety, 400 Seventh Street SW., Washington, D.C. 20590. All comments will be available for examination at the above address from 7:45 a.m. to 4:15 p.m. e.t., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Mr. Neill L. Thomas, Bureau of Motor Carrier Safety, (202) 755-1011; or Mr. Thomas P. Holian, Office of the Chief Counsel, (202) 426-0346, Federal Highway Administration, Department of Transportation, 400 Seventh Street SW., Washington, D.C. 20590. Office hours are from 7:45 a.m. to 4:15 p.m. e.t., Monday through Friday.

SUPPLEMENTARY INFORMATION: The Congress, in section 414 of the Surface Transportation Assistance Act of 1982, Pub. L. 97-424, 96 Stat. 2097, 2161, January 6, 1983, declared that "visibility on wet roadways on the Interstate Highway System should be improved by reducing, by a practicable and reliable means, splash and spray from truck tractors, semitrailers, and trailers."

The Act also provides that "The Secretary shall by regulation . . . establish minimum standards with respect to the performance and installation of splash and spray suppression devices." These standards would apply to new vehicles manufactured after 1 year from the effective date of a final rule, and to 4 years from the effective date of a final rule. The Secretary has delegated to the Federal Highway Administration (FHWA) the responsibility for establishing minimum standards with respect to the performance and installation of splash and spray suppression devices for use on truck tractors, semitrailers, or trailers in use which would conform to National Highway Traffic Safety Administration (NHTSA) performance standards contained in 49 CFR Part 584.

The NHTSA and FHWA have been assigned joint responsibility to establish minimum standards with respect to the performance and installation of splash and spray suppression devices for use on truck tractors, semitrailers, or trailers. The NHTSA has been delegated the authority to establish minimum standards for new vehicles. The FHWA was delegated the authority to establish minimum standards for vehicles in use.

Traditional "mud flaps" are intended to reduce the rearward projection of mud, stones, and other materials. Many states require mud flaps on heavy commercial motor vehicles. Unfortunately, research has proven that these conventional flaps made of hard rubber or plastic help increase the generation of vehicle spray because of water striking their hard surfaces. Consequently, the search for solutions to reduce splash and spray has gone beyond the traditional "mud flap." Field and full scale testing of many designs has been conducted over the past 17 years, with gains in spray reduction achieved in some cases.

The latest research in this area was performed for the NHTSA by Systems Technology, Inc.[1] (STI), and provides most of the information in support of this rulemaking. This study was a follow-up to the previous research completed by STI for the FHWA, and was intended to both develop an inexpensive laboratory test method for testing effectiveness and to obtain real world operational performance and life cycle cost data on representative products. These products are marketed for their spray reduction performance by various manufacturers for use by the trucking industry. It appears that certain of these flaps may have the potential to be effective, reliable, and practical.

The NHTSA has published elsewhere in today's **Federal Register** proposed minimum standards for the performance and installation of splash and spray suppression devices for all new truck tractors, semitrailers, and trailers manufactured on or after a year from the effective date of the final rule. The detailed discussion on the causes of spray, the proposed standards, and the various research efforts set forth in the NHTSA proposed rule will not be repeated here. The FHWA proposes to require these vehicles to be maintained in accordance with the standards established by the NHTSA. It is also proposed that vehicles manufactured prior to one year from the effective date of the final rule be retrofitted by a date 4 years from the effective date of the final rule, with flaps and side skirts that comply with the NHTSA performance standards in effect at that time.

It is being proposed that when suppression devices are replaced they shall comply with the NHTSA performance standards in effect at the time of replacement. This will ensure use of devices that provide the greatest visibility improvement. It is also being proposed that these devices be maintained in conformity with the standard in effect at the time they were installed on the vehicle or when replaced.

It is also anticipated that there will be certain configurations of vehicles in use on which it will be impossible to install the devices in accordance with the installation standard promulgated by the NHTSA. Our purpose in this rulemaking action is to achieve a significant reduction in splash and spray at the least possible cost to the trucking industry. Therefore, modification of a vehicle's configuration will not be required inasmuch as we believe that the cost of such modification would outweigh the benefits to be achieved. However, it is proposed that backflaps be installed at any designated location unless it is impractical, such as between a steering axle wheel and battery box where there is less than 2 inches clearance. Auto carriers may be an example of a vehicle configuration that cannot be retrofitted in conformity with the requirements of the installation standard. Comments from industry would be helpful in establishing retrofit requirements on these types of combinations. Comments to the docket describing vehicles having retrofit problems will be addressed in the final rule.

Currently, there is no Federal requirement for any type of flap or suppressant device for vehicles using the Interstate System. Various alternatives were considered for requiring in-use vehicles to be retrofitted with suppressant devices. These included flaps with a tunnel test visibility improvement of 35 percent or greater, to be located as follows: (1) Flaps behind the rearmost wheels of the trailer or semitrailer only; (2) flaps behind each of the three axle groups, i.e., steering, drive and rearmost axle of the semitrailer; (3) side skirts, in addition to (2) outboard of the rearmost axle group on the trailer (both sides); and (4) the same as three plus side skirts outboard of both the steering axle and drive axle groups. ("Drive axle group" is referred to by NHTSA in its proposal as the "nose of the trailer"). Options 5 through 8 are identical to 1 through 4, respectively, but use flaps with a minimum tunnel test visibility improvement of 75 percent. Option number (8) is being proposed herein since the manufacturers of the suppression devices have until (4 years from the effective date of the final rule).

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[1] Johnson, Walter, A., Shapiro, Steve, "Assessment of Truck Splash and Spray Suppression Devices," System Technology, Inc., Technical Report No. 1179-1, March 1983.

It should be noted that we not know the relationship between the rating produced in the spray tunnel tests and visibility improvement in real world situations. (This is also addressed in the NHTSA document.) Data developed by installing current spray suppressant flaps on test vehicles show that spray/suppressant flap with a rating of 75 percent (tunnel test generated) or better may be required to produce improvements in visibility that are generally perceptible. Data developed during vehicle testing of one of the spray suppressant flaps conducted by the NHTSA indicate that the spray reduction percentage registered in the spray tunnel tests may have to be reduced by a factor of 3 to approximate real world visibility improvement. Comment is invited on this relationship as well as on the relationship of various degrees of spray reduction or visibility improvement to actual safety benefits (e.g., reduction in accidents). However, further tests are being conducted to verify the real world performance factor for a number of different spray suppression devices. Meanwhile, the spray tunnel rating for flaps cited above should not be considered as the percentage of perceptible visibility improvement when those flaps are used on vehicles operated over the highways.

After careful consideration of all of the alternatives set forth above, we propose that suppression devices that meet the NHTSA standard (35% or 50% or 75%, as discussed in the NHTSA document) be installed as follows:

1. Behind both wheels of the steering axle of a truck tractor;
2. Behind each wheel of the rearmost truck tractor axle;
3. Behind each wheel of the rearmost semitrailer axle;
4. Behind each wheel of the forward axle or rearmost axle of a forward dual axle of a full trailer;
5. Behind each wheel of the rearmost axle of a full trailer;
6. Behind each wheel of the rearmost axle of a converter dolly.

One device would be permitted behind the dual wheels as long as that device is as wide as both wheels. Side skirts would also be required on the front and rear of all van, flat bed, and tank semitrailers, and full trailers. Tests show that the combination of flaps and side skirts provide a greater reduction in spray than flaps only. We propose, however, to exempt certain trailers from the side skirt requirement. These include containers, container chassis, and pole trailers. This action will provide industry additional time to develop a satisfactory skirt before its use is required on all vehicles.

Allowing for new, properly equipped vehicles, the NHTSA estimates that 1.2 million tractors and 3.2 million trailers will have to be retrofitted between 1 and 4 years from the effective date of the final rule. The majority of the trailers are either vans, platform flatbeds, or tank trailers. It is on these configurations that the backflap/side skirt systems have been tested. These configurations of vehicles are the most predominant combination units in operation. Installation of the device on these types of units would appear to provide the greatest benefit that such service can have.

This rulemaking does not intend to limit suppression devices to those proposed herein. There may be other systems or devices developed that will reduce splash and spray to the same extent or greater. Therefore, this notice solicits comments in response to the questions set forth below regarding devices currently available and other systems or devices that may be effective. Comments received will also be considered in the NHTSA rulemaking.

Questions

Information is solicited regarding the effectiveness of current splash and spray devices:

1. To what extent, if any, do the devices currently used reduce spray?
2. Does the snow buildup behind the wheels of the steering axle have any effect on the steering ability of the vehicle?
3. Do the current devices withstand the extreme cold and buildup of ice or snow?
4. Will the current mud flap brackets withstand the additional weight of the spray suppressant flaps or will they have to be replaced?

Other Systems or Devices

5. What other systems or devices now available or being developed should be considered that will effectively reduce splash and spray?
6. What performance standard, i.e., vehicle performance, etc., should be used in determining the effectiveness of the system or device specified above?
7. What documentation should be required to support the results?

Regulatory Impact

This proposed regulation is considered to be major under Executive Order 12291 and significant under the Department of Transportation regulatory policies and procedures (44 FR 11034; February 26, 1979). The agency's determination that this proposed rule is major and significant is based primarily on the substantial cost that could result from retrofitting and maintaining spray suppression devices. The estimated costs are explained below. A preliminary regulatory impact analysis and initial regulatory flexibility analysis have been prepared and are available for inspection in the public docket. Copies may also be obtained by contacting Mr. Neill Thomas at the address provided under the heading "FOR FUTHER INFORMATION CONTACT."

With regard to the assessment of the impact this proposal will have on small entities pursuant to the Regulatory Flexibility Act (Pub. L. 96–354), the reasons for, objectives, and legal basis for this proposed action have been previously explained in this notice. The impacts of this proposed regulation on small entities are discussed in the initial regulatory flexibility analysis. This proposal appears to be favorable to small manufacturers of splash/spray suppression devices if they are capable of meeting performance levels established by the rule. However, there are also a large number of independent truck-tractor/trailer owner-operators who would be required to purchase flaps and skirts. The cost of the approximately 140,000 owner-operators is estimated to be $33,320,000. In keeping with the intent of the Regulatory Flexibility Act, the FHWA encourages all small entities to comment on the impacts of this NPRM.

Estimated Costs

It is estimated that the initial retrofit cost per tractor/semitrailer combination for back flaps at three axle locations and side skirts at both steering axle wheels and both sides at the front and the rear of the trailers, based on 1982 dollars, would be between $238 and $306. It has also been estimated that the total cost to the industry, including maintenance/replacement and decreased fuel efficiency associated with the added weight, would bring the lifetime retrofit cost to approximately $620 million (1982 dollars).

It is estimated that the purchaser of a new tractor/semitrailer combination will incur additional costs of $100 per tractor and $61 per semitrailer.

In the NHTSA NPRM published concurrently with this document, a number of questions are raised and comments requested concerning issues related to the cost, reliability, and practicability of splash and spray suppression devices. We direct commenters' attention to this discussion since the decisions made by NHTSA in its rulemaking will directly affect the requirements and costs imposed on the motor carrier industry as a result of this rulemaking by FHWA.

List of Subjects in 49 CFR Part 393

Highways and roads, Motor carriers—parts and accessories.

(Catalog of Federal Domestic Assistance Program Number, 20.217, Motor Carrier Safety)

(49 U.S.C. 2314 and 3102; 49 CFR 1.48)

Issued on: April 8, 1985.

Kenneth L. Pierson,

Director, Bureau of Motor Carrier Safety.

In consideration of the foregoing, the Federal Highway Administration proposes to amend Title 49, Code of Federal Regulations, Subtitle B, Chapter III, by amending Part 393 as set forth below.

PART 393—PARTS AND ACCESSORIES NECESSARY FOR SAFE OPERATION

Part 393, Subpart G, is amended by adding a new § 393.74:

Subpart G—Miscellaneous Parts and Accessories

§ 393.74 Splash/spray suppression devices.

All truck tractors, semitrailers, and trailers being operated on the Interstate Highway System shall be equipped with splash and spray suppression devices as follows:

(a) *Vehicles manufactured on and after (a date 1 year from the effective date of this Subpart)*—Truck tractors, semitrailers, full trailers, and converter dollies manufactured on and after (a date 1 year from the effective date of this Subpart) equipped with splash and spray suppression devices in conformity with standards contained in Part 584 of this title shall be maintained in conformity with the standard in effect at the time of manufacture or replacement of the suppression devices.

(b) *Vehicles manufactured before (a date 1 year from the effective date of this Subpart)*—Truck tractors, van, flatbed and tank semitrailers, trailers, and converter dollies manufactured before (a date 1 year from the effective date of this Subpart), shall be equipped with splash/spray suppression devices on or before (a date 4 years from the effective date of this Subpart), as follows:

(1) Devices that conform to the minimum performance standard, in effect on (a date 4 years from the effective date of this Subpart), as specified in Part 584 of this title, shall be installed in accordance with the installation requirements of that part, or as near thereto as the vehicle configuration permits.

These devices shall be installed behind—

(i) Both wheels of the steering axle of a truck tractor;

(ii) Each wheel of the rearmost axle of a truck tractor;

(iii) Each wheel of the rearmost semitrailer axle;

(iv) Each wheel of the forward axle or rearmost axle of a forward dual axle of a full trailer;

(v) Each wheel of the rearmost axle of a full trailer;

(vi) Each wheel of the rearmost axle of a converter dolly.

(2) Skirts that conform to the standard specified in Part 584 of this title are required on both wheels of the steering axle and each side at the front and rear of van, flat bed, and tank semitrailers and all full trailers.

[FR Doc. 85-8746 Filed 4-9-85; 1:42 pm]

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National Highway Traffic Safety Administration

49 CFR Part 584

[Docket No. 83-06; Notice 1]

Splash and Spray Suppression Devices

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Surface Transportation Assistance Act declares that visibility on wet roads should be improved by using practicable and reliable means for reducing splash and spray generated by truck tractors, trailers, and semitrailers. To this end, Congress directed the Department of Transportation to establish three types of standards. These are:

(1) Minimum standards for the performance of spray suppression devices to be installed on truck tractors, trailers, and semitrailers;

(2) Installation standards for those spray suppression devices on new truck tractors, trailers, and semitrailers, and a requirement that all such vehicles for use on the Interstate system be equipped with the devices beginning one year after the standards are established under paragraph (1); and

(3) Installation standards for those spray suppression devices on truck tractors, trailers, and semitrailers already in service, and a requirement that all such vehicles in service on the Interstate system be equipped with the devices beginning four years after the standards are established under paragraph (1).

This notice proposes to establish standards regarding the first two requirements shown above. The third requirement will be addressed in a separate notice published elsewhere in today's Federal Register by the Federal Highway Administration.

With respect to the first requirement listed above, NHTSA has tentatively determined that the only splash and spray suppression devices which could be practicable and reliable at this time are spray suppressant flaps and side skirts. Spray suppressant flaps are similar to plain mudflaps, but the surface of these flaps which faces the tires is designed so as to reduce the amount of spray formed by the water striking that surface.

This notice seeks comments on several alternative requirements for spray suppressant flaps installed on new vehicles manufactured on and after the day one year after a final rule has been published for this rulemaking action. The preferred alternative is to require those flaps to achieve a spray reduction of at least 35 percent, as measured in a spray tunnel described herein. The other alternatives are to specify a reduction of either 50 percent or 75 percent for those flaps. It may not be feasible for most flap manufacturers to design and produce flaps that achieve a spray reduction greater than 35 percent within one year after publication of a final rule. The agency

tentatively concludes, however, that production of flaps that achieve a reduction of 75 percent would in any event be feasible four years after publication of a final rule, and therefore proposes that spray suppressant flaps used on vehicles manufactured on and after that date achieve a spray reduction of at least 75 percent.

Side skirts are flat surfaces which hang down from the side of a vehicle and prevent water from escaping into the area where it could generate spray next to the wheels. The data currently available to this agency indicate that size is the key variable governing side skirt performance and that skirts which are similar in size, although different in shape, offer substantially identical performance. Hence, this notice does not propose any performance requirements for side skirts.

With respect to the second statutory requirement shown above, this notice proposes detailed installation requirements for mounting spray suppressant flaps and side skirts on new vehicles. The flaps would be required to be installed behind the drive and sterring axles of all new tractors, and behind the rearmost tires for each axle position on new trailers and semitrailers manufactured one year after publication of a final rule. Side skirts would be required to be installed over the rear axle position of all new flatbeds, vans and tank trailers and semitrailers manufactured on and after the same date. Side skirts would be required to be installed over the steering axle position of new tractors and over the nose of new trailers and semitrailers beginning with those manufactured four years after publication of a final rule.

DATES: Comments must be submitted not later than June 11, 1985. The proposed effective date for the requirements, except § 584.5(c)(2)(iii) and § 584.6(a)(2) is one year after publication of a final rule. The more stringent requirements in § 584.5(c)(2)(iii) and § 584.6(a)(2) would become effective four years after publication of a final rule.

ADDRESS: Comments should refer to Docket No. 83-05 and be submitted to: Docket Section, Room 5109, National Highway Safety Administration, 400 Seventh Street, SW., Washington, D.C. 20590. (Docket hours are 8:00 a.m. to 4:00 p.m., Monday through Friday.)

FOR FURTHER INFORMATION CONTACT: Mr. Arthur H. Neill, Jr., Office of Vehicle Safety Standards, NHTSA, 400 Seventh Street, SW., Washington, D.C. 20590 (202-426-1750).

SUPPLEMENTARY INFORMATION: On January 6, 1983, the President signed into law the Surface Transportation Assistance Act of 1982 (Pub. L. 97-424) (hereinafter "STAA"). Section 414 of the STAA (49 U.S.C. 2314), as amended by section 223 of the Motor Carrier Safety Act of 1984, reads as follows:

> (a) The Congress declares that visibility on wet roadways on the Interstate system should be improved by reducing, by a practicable and reliable means, splash and spray from truck tractors, semitrailers, and trailers.
>
> (b) The Secretary shall by regulation—
>
> (1) Within one year after the date of the enactment of this title, establish minimum standards with respect to the performance and installation of splash and spray suppression devices for use on truck tractors, semitrailers, or trailers;
>
> (2) Within one year after the date on which the standards are established under paragraph (1) of this subsection, require that all new truck tractors, semitrailers, and trailers operated on the Interstate system be equipped with any splash and spray suppression device which satisfies the standards established pursuant to paragraph (1) of this subsection; and
>
> (3) Within four years after the date on which the standards are established under paragraph (1) of this subsection, require that all truck tractors, semitrailers, and trailers operated on the Interstate system be equipped with any splash and spray suppression device which satisfies the standards established pursuant to paragraph (1) of this subsection.
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> * * * * *

The NHTSA and the Federal Highway Administration have been jointly assigned the responsibility for carrying out the mandate of section 414(b) by the Secretary of Transportation. In this notice, the NHTSA is proposing to establish minimum standards for the performance of splash and spray suppression devices, as well as installation standards for the spray suppression devices on new vehicles only. In a separate notice appearing elsewhere in today's **Federal Register**, the Federal Highway Administration will issue proposed minimum standards for the installation of splash and spray suppression devices for vehicles in use on the Interstate System.

Splash and Spray Problem

The terms "splash" and "spray" are commonly used together to describe the adverse effects on visibility caused by vehicles travelling on wet roads. However, the two terms refer to very different phenomena.

"Splash" consists of large liquid droplets that fall quickly and ballistically to the ground, while "spray" consists of very small liquid droplets that remain airborne for a period of time in the form of a fog cloud, before falling to the ground. Truck-induced splash does not usually contribute greatly to the reduced visibility experienced either by motorists travelling adjacent to the truck or by the truck driver because the splashed droplets typically remain close to the ground, out of the line of other drivers' vision. Splash may strike adjacent vehicles' windshields, however, if there is puddling or uneven wetting of the roadway surface in front of the truck. In this case, the splashing would totally obscure vision for a brief period.

Spray generally is formed when three elements are present: (1) Water; (2) a hard or smooth surface which is struck by the water; and (3) a turbulent air flow which then picks up and carries away the water. The interaction of these three elements produces very small droplets of water which remain airborne for a time, in the form of a fog cloud around the area of the surface they have struck. The cloud is continuously replenished as long as the water is present, with new droplets forming as others fall to the ground. The airborne droplets obscure the vision of the motorist travelling adjacent to the truck and the vision of the truck driver through his rear view mirrors.

This proposal is directed primarily at reducing visibility problems caused by spray. These problems arise far more frequently than the problems caused by splash. Further, spray remains airborne much longer. However, this proposal would also address splash problems by reducing the distance between flaps and the ground and by requiring installation of flaps in positions where they are not currently installed.

Available Technology for Reducing Splash and Spray

The problem of reducing splash and spray from heavy trucks has been studied by the trucking industry and many governments over the past 20 years. Many different devices designed to reduce splash and spray have been examined.

Conventional fenders and mudflaps were the starting point in this search, with several States and European nations then considering requiring these items of equipment to be installed on all heavy trucks. However, the research showed that, while these items were effective at reducing low speed splash, they are ineffective at reducing the amount of spray generated by trucks at highway speeds.

A DOT spray protector would have been required on most kinds of heavy trucks under a notice of proposed rulemaking issued by NHTSA (35 FR 14001, September 4, 1970). The DOT spray protector, which was a combination fender, modified side skirt, and mudflap, was developed in laboratory tests sponsored by the Motor Truck Division of the Automobile Manufacturers Association. The final report on those tests indicated that the DOT spray protector would significantly reduce spray at speeds up to 50 miles per hour, but the reduction would not be significant at higher speeds. Comments received in response to that notice stated that a hazardous brake heat buildup would occur if the DOT spray protectors were used on heavy trucks, and that this heat buildup would also damage the tires. When agency testing verified these comments, NHTSA withdrew its proposal (38 FR 28840, October 17, 1973).

Air and water deflectors have also been tested. Both these devices provide benefits by reducing the amount of spray generated, but both are dependent upon the aerodynamics and other characteristics of the tractor/trailer or tractor/semitrailer combination. Since different types of tractors are routinely coupled with different trailers and semitrailers, and vice versa, the effectiveness of air and water deflectors would vary widely.

The only devices which current research indicates might be both practicable and reliable for use on existing vehicle designs are spray suppressant flaps and side skirts. Spray suppressant flaps are flaps which hang down behind the tires and are designed to absorb some of the energy in the oncoming stream of water from the tires, contain and channel most of that water out of the area where spray could be formed, or otherwise reduce the formation of spray clouds behind those tires. Side skirts are flat surfaces which hang down from the side of a vehicle and prevent the water coming off the top of the wheel wells and tires and off the bottom of the vehicle from forming into spray clouds alongside the wheels.

The Federal Highway Administration sponsored tests of many different types of spray suppression devices at Fort Stockton, Texas in 1977. For these tests, lasers were used to measure the density of the spray clouds formed by actual vehicles equipped with the spray suppression devices and driven down a test track. Additionally, checkerboards were set up on the test track so that photographs could be taken through the spray clouds formed by the vehicles. Both the objective (laser) and subjective (visual) comparisons found that a combination of spray suppressant flaps and side skirts was the most effective of the tested devices at suppressing spray.

NHTSA has conducted a series of tests beginning in the summer of 1983 to learn more about the effectiveness of the various spray suppression devices on vehicles in full-scale outdoor testing. NHTSA considered three categories of spray suppression devices in this testing program. The first category consisted of devices which theoretically provide a reduction in the spray generated and also may be reliable and practicable under normal operating conditions. These devices were spray suppressant flaps behind the axles and side skirts mounted over the rear axles of semitrailers.

The second category consisted of devices which provide a theoretical reduction in the spray generated, but which have been shown to have some problems under normal operating conditions. These problems should be correctable with a minimal amount of product development. Examples of devices in this category are side skirts mounted on the nose of semitrailers, which extend to the drive axle tires of the truck tractor when the semitrailer is coupled with the tractor.

The third category consists of devices which are theoretically effective but have not been proven in actual services and for which a test of effectiveness under controlled conditions has not been developed. An example of these devices are inserts which fill the space between the tire and the surrounding vehicle structure and which may not introduce operational difficulties such as excessive heat buildup.

This testing was conducted in three phases. The purpose of the first phase of the testing conducted in 1983 was to develop testing techniques and to make a preliminary evaluation of the effectiveness of several configurations of devices from the first and second categories set forth above. It appeared to the agency that the devices tested provided only minimal spray reduction. However, it was also apparent to the agency that it was necessary to add a target, such as the checkerboard used in the 1977 Fort Stockton tests, to provide more definition of the extent and density of the spray cloud formed by the test trucks.

Accordingly, a second phase of testing was undertaken, again in 1983. A target eight feet high and 12 feet wide using the checkerboard pattern similar to that employed for the 1977 Fort Stockton tests was set up on the test track. The tests were recorded on video tape and on 35 millimeter slides. Many of the devices tested in the first phase of testing were retested, and some of the devices in the third category were also tested. The results of this testing led the agency to four conclusions. These were:

(1) There is a large amount of variability in the amount of spray reduction achieved when using any of these devices to suppress spray.

(2) The wind velocity during the tests has a major impact on the effectiveness of spray suppression devices.

(3) An extensive enclosure between the tire and the surrounding vehicle structure appears to be necessary to obtain consistently perceptible visibility improvements; and

(4) The results raised some significant questions about the ability of flaps and side skirts to reduce spray sufficiently so that the difference is perceptible to the unaided eye.

Because of these concerns and the need for further information on this subject, NHTSA conducted a third phase of testing in 1984 using laser measurements as well as photographs to measure the spray clouds. Each vehicle was equipped with the various spray suppression devices and run a number of times on the same Fort Stockton test track which showed that the spray suppression devices were effective in 1977.

The results of this third phase of testing, which was conducted by STI, demonstrate that the use of extensive spray suppression treatment generally reduces the density of the spray cloud. These reductions are measurable and visible. In addition, the study found that less extensive treatments provide some incremental visibility benefits. However, this research also confirmed that crosswinds have a significant negative impact on the effectiveness of the devices.

The Motor Vehicle Manufacturers Association (MVMA) also conducted research in 1984. The research, which was similar to NHTSA's phase III tests, led MVMA's contractor to conclude that "trucks fitted with a combination of spray reduction devices can reduce splash and spray as much as 50 percent over trucks that use the standard hard rubber flaps only." However, MVMA cautioned that test results could not be repeated consistently, that no specific combination of devices was found best for all vehicles, and that these devices can decrease, but not eliminate, splash and spray.

This mixed pattern of research results leaves the agency with misgivings about the appropriateness of proceeding with rulemaking at this time. Section 414(b) of the STAA specifies: "The Secretary shall by regulation . . . establish minimum standards with respect to the performance and installation of splash and spray suppression devices . . ." However, section 414(a) of the Act sets forth a Congressional declaration that visibility on wet Interstate roadways should be improved by reducing splash and spray "by a practicable and reliable means." NHTSA is presently unable to conclude whether there are such "practicable and reliable means" for improving visibility, and the agency specifically requests comments on what factors should be considered in determining whether a specific means of splash and spray suppression is practicable and reliable. For the purposes of this proposed action, NHTSA has tentatively determined that "practicable and reliable" splash and spray suppression devices should—

(1) Reduce spray sufficiently so that the unaided eye can perceive a reasonable improvement in visibility under normal wet weather conditions, i.e., wind and rain;

(2) Be capable of being manufactured and installed on today's designs of truck tractors, trailers, and semitrailers; and

(3) Not fail or substantially lose their effectiveness unreasonably soon after they are installed.

It is possible that the costs imposed by requiring splash and spray suppression devices would significantly exceed any benefits which might accrue from such a requirement. NHTSA requests public comments on the extent to which it can and should consider the relationship of the costs to the benefits in any rulemaking action under section 414 of the STAA.

Because NHTSA is unaware of any other spray suppression devices that would be practicable and reliable, the agency is issuing this proposal regarding flaps and skirts. We solicit comments on whether there are any other devices that would be appropriate. (Although various manufacturers have designed aerodynamically efficient vehicles which promote spray suppression, NHTSA does not believe that those systems are universally applicable. Further, those vehicles would have to be tested over the road to measure their performance and therefore determine their compliance. That type of testing is inherently variable, expensive and difficult to repeat.)

NHTSA solicits comments and information from interested persons on the degree of the effectiveness of flaps and side skirts in reducing spray generated by vehicles. NHTSA is interested in obtaining data and test results from the manufacturers of this equipment as to the effectiveness of the various devices in real world conditions or on outdoor testing on vehicles. The agency also requests comments from persons who have driven trucks equipped with these spray suppression devices and motorists who have observed the on-the-road performance of such trucks.

NHTSA has placed photographs and videotapes of the tests it has conducted thus far into the docket for this rulemaking action. The agency specifically solicits views and comments from all interested members of the public on the effectiveness of splash and spray suppression devices, as measured by this testing, and on the procedures followed in the tests.

The agency also specifically requests comments on what course of action it should follow if the available testing and public comments on this notice lead the agency to the conclusion that there are currently no spray suppression devices which are consistently effective in reducing spray such that the reductions can be perceived by the unaided eye. As a related area for comment, NHTSA is interested in the public's view of what course of action should be taken if comments show that devices that provide lower levels of spray suppression are currently practicable for flap and skirt manufacturers, but cannot reliably achieve on-road visibility improvements while devices that provide higher levels of spray suppression can reliably achieve such improvements, but are not currently practicable.

As noted above, NHTSA believes that the STAA's finding concerning practicable and reliable devices means in part that the devices should not fail or substantially lose their effectiveness unreasonably soon after they are installed. The need for overly frequent replacement of the devices would greatly increase the anticipated costs of achieving that goal. Thus, the durability of any equipment which is required to be included on all new trucks is a consideration in this rulemaking action, as is the establishment of warranty requirements.

To be certain that the agency is fully informed on this subject, NHTSA specifically solicits comments and answers to the three questions set forth below. Any other comments related to the durability of the equipment, but not directly addressed in these questions, are also solicited.

(1) What is the expected useful life of spray suppressant flaps, and how does that compare with the expected useful life of ordinary mudflaps? What is the expected useful life of side skirts?

(2) Should any final rule on this subject include some minimum durability requirements for any mandated equipment and, if so, what form should that requirement take?

(3) Does the agency have authority to impose warranty requirements on any mandated equipment?

Test Procedures for Measuring Effectiveness

The agency considered a number of alternative test procedures for measuring the effectiveness of the devices chosen by vehicle manufacturers to reduce the amount of splash and spray. First, the agency had to choose between proposing actual on-road tests of vehicles or proposing controlled laboratory testing of the devices not attached to any vehicle. The on-road tests would offer some advantages, such as measuring the actual performance which might be expected of the total vehicle in service, and measuring the effectiveness of all vehicle systems in reducing splash and spray. However, this approach has been tentatively rejected. The test conditions such as wind speed and direction, ambient light, and road surface conditions, would have to be controlled more carefully than is currently possible. Further, this approach would require large investments of time and money to run each test. Finally, since tractors and trailers are sold separately, and used in many different combinations, it would be necessary to develpp a standard reference test tractor (for testing trailers and semitrailers) and a standard reference test trailer (for testing truck tractors). Such specifications do not exist at this time, and considerable research would have to conducted to develop a fair set of criteria.

NHTSA is proposing that, instead of conducting on-road tests of entire vehicles, individual spray suppression components be tested on a mock up of a portion of a vehicle under controlled laboratory conditions. This leaves the question of what controlled conditions should be proposed. The British Standards Institution (BSI) recently adopted a standard for splash and spray suppression for heavy trucks, which includes a laboratory procedure for measuring the effectiveness of spray suppressant flaps. That test employs a procedure in which a specified volume of water is directed onto the flap surface designed to face the tire, and a large container is positioned beneath that flap to catch the water which comes off the bottom of the flap. The water which runs off the bottom of the flap and is collected in the container will, in theory, not be disseminated as spray. The volume of water collected in the container is then divided by the total volume of water which was sprayed on the flap. The resultant percentage is assigned to the flap as its performance value. NHTSA is interested in receiving comments on what effect, if any, the adoption and implementation of a spray suppression standard by Great Britian should have on this agency's decisions in this rulemaking action.

Since NHTSA is aware of the strong interest in favor of international harmonization of standards, it gave considerable thought to proposing the BSI test as the test procedure in this standard. However, that procedure has been tentatively rejected for the following reasons. That test does not attempt to measure the density of the spray cloud generated by the flap, and therefore is not attempting to test directly the visibility improvements offered by the flap. It is possible that two flaps which measure the same in the test could offer significantly different levels of spray suppression while in use. NHTSA believes that the proposed testing procedure should attempt to measure the actual effectiveness of these devices in suppressing spray clouds.

A 1982 study completed for this agency by Systems Technology, Inc. (STI) evaluated the performance of spray suppressant flaps in a wind tunnel. This procedure uses periscopes to actually look through the spray cloud formed off the flap at targets on a wall behind the resulting cloud. By following this testing procedures, it is possible to approximate the conditions which would be faced by drivers attempting to pass a vehicle with these flaps in place.

The tunnel test procedure is relatively simple to conduct. Two black targets are installed, one on top of the other, on the far end of the tunnel. Flap mounting hardware and spray nozzles to shoot water at the flaps are installed ahead of the targets. A fan is set to cover one end of the tunnel to simulate the air flow around the tires. Two periscopes are inserted through the walls of the tunnel, upwind of the spray nozzles, at the same height as the targets on the far wall. Photometer readings can then be taken through the periscopes to guage the density of the spray clouds formed.

The actual testing begins by taking a photometer reading through each periscope on the targets before the water is turned on. This reading in decibels is designated as DRY. Then a plain untreated rubber flap is installed in the mounting hardware, and the fan and water are turned on. A photometer reading of the top target is taken through the upper periscope over a 30 second period. The highest photometer reading in decibels maintained for at least ½ second is recorded. Immediately following the taking of those readings, a photometer reading of the bottom target is taken over a 30 second period. Again, the highest photometer reading in decibels maintained for at least ½ second is recorded. This procedure is repeated four times, so that a total of five readings have been taken of each target. The ten readings thus obtained are then averaged together and this value is designated as PR. The water is then turned off, and the plain flap is replaced with the spray suppressant flap to be tested. The water is turned on again, and the same photometer reading procedures are followed as were used for the plain flap, until a total of ten photometer readings has been taken, 5 of each target. These ten readings are averaged, and the value is designated as F_t. The visibility improvement from using the treated spray suppressant flap, termed V_T, is then calculated according to the following equation:

$$V_T = 100\left(\frac{1 - \dfrac{1}{\dfrac{(PR - F_1)}{2}}}{1 - \dfrac{1}{\dfrac{(PR - DRY)}{2}}}\right)$$

Proposed Requirements for Equipment

This notice proposes to establish minimum performance standards for spray suppressant flaps, and would require the flap manufacturer to certify that each flap met those requirements. No vehicle need be certified as to its actual performance with these flaps installed. The reasoning behind this approach is that if the flaps achieve the specified performance level in the tunnel test, and if they are installed on the vehicle in accordance with the proposed installation requirements applicable to vehicles, the amount of splash and spray generated by those vehicles will be reduced. Hence no vehicle performance tests are necessary.

This notice proposes several alternative levels of requirements for spray suppressant flaps to be installed on new vehicles beginning one year after publication of the final rule. The preferred alternative would require those flaps to achieve a V_T in the tunnel test of at least 35 percent. This value is preferred because the available leadtime before that date may be insufficient for manufacturers of spray suppressant flaps to redesign, test, produce and distribute flaps which are significantly better than existing designs. Compliance with a requirement for 35 percent reduction appears feasible since testing by STI of currently produced flaps indicated that all but one existing flap could achieve a V_T rating of at least 35 percent.

However, higher levels of performance for spray suppressant flaps to be installed on new vehicles manufactured beginning one year after publication of the final rule might be practicable. One company has already produced a flap which has a V_T rating of 83 percent in the spray tunnel.

Accordingly, the agency is considering two alternatives to the proposal for one year after publication of the final rule that would require new vehicles to be equipped with spray suppressant flaps that achieve a V_T rating of not less than 35 percent. In tunnel tests, flaps which achieve that level of spray suppression do reduce the density of the spray clouds formed, as compared with conventional mudflaps located in certain positions, and this reduction can be detected by sophisticated equipment, like lasers. However, the spray suppression achieved by 35 percent flaps may not be readily perceptible to the naked eye. NHTSA doubts that the improved visibility which Congress delcared was a goal of section 414 of the STAA referred to improvements detectable by sophisticated equipment but not seen by drivers of vehicles on the Interstate system.

The first alternative requirement being considered for the level for one year after the final rule would be a V_T rating of 50 percent or better. The performance of flaps rated at that level together with the performance of side skirts mandated for vehicles could offer perceptible visibility improvements. However, selecting this alternative would eliminate all but two of the flaps tested in the spray tunnel from being used on new vehicles, and would force the manufacturers of all other flaps to begin an accelerated program to produce flaps which could achieve this level of spray suppression. There is not likely to be sufficient time between the publication of the final rule and its effective date to complete such a program.

The second alternative would require that new vehicles manufactured beginning one year after the final rule be equipped with flaps which achieve a V_T rating of not less than 75 percent. In determining the 75 percent figure, NHTSA acted on the basis of the 1982 STI analysis of testing which indicated that visibility improvements registered in the spray tunnel must be divided by 3 to approximate the visibility improvements which will show up on the road. Improvements of real world visibility above any given level cannot be perceived by the naked eye until they reach a level of 15 to 20 percent, and become clearly perceptible only at a level of 25 percent. Thus, clearly perceptible improvements in visibility should be shown by spray suppressant flaps alone (without side skirts) if those flaps had a V_T rating of not less than 75 percent.

However, there is only one spray suppressant flap, the one that has a rating of 83 percent, that has been shown in tunnel testing to be capable of achieving this level of spray reduction. Hence, selecting this alternative would force all other flap manufacturers to abandon the new vehicle market until they were able to produce flaps which could achieve this level of spray suppression.

Since considerations of leadtime and competitive problems may lead the agency to adopt the preferred alternative of a 35 percent reduction for one year after the final rule, NHTSA is also proposing a later date for implementation of the 75 percent reduction figure. The agency believes that the possible leadtime and competitive problems associated with specifying this level of performance for one year after the final rule could be avoided by specifying an effective date of four years after publication of the final rule. Accordingly, NHTSA is proposing that all spray suppressant flaps manufactured on or after that date have a V_T of not less than 75 percent.

The agency requests comment on the relationship between the tunnel test results and actual performance on the roadway as well as on the adequacy of the proposals for one year after the final rule and for four years after the final rule. Additionally, the agency is interested in obtaining comments on whether the visibility improvements sought by section 414 of the STAA should include actual reductions in the spray clouds which are not clearly visible to the unaided eye.

Additionally, this proposal would require the flap manufacturers to label the symbol "DOT" permanently on their flaps as a certification that the spray suppressant flap complies with the standard, and indicate whether the requirement to which compliance is being certified is the level of 35 percent for one year after the final rule or the level of 75 percent for four years after the final rule. Flap manufacturers would be permitted to certify that their flaps comply with either of these levels in advance of the effective date for that level.

Side skirts, like spray suppressant flaps, would be required to be installed on vehicles to reduce splash and spray. However, no performance requirements are proposed for side skirts. This is because the 1982 STI testing of side skirts in the spray tunnel showed that there were no significant variations in the performance of those devices. The wider side skirts (i.e., those with greater vertical height) worked better than the narrower side skirts, but all those of the same dimensions performed virtually identically. The need for performance requirements for flaps but not side skirts can be explained by the different functions of these devices. Flaps have water striking them at high speeds directly off the back of the tires. They must absorb some of the energy of the striking water and channel it out of the turbulent air flow to prevent the formation of a spray cloud. Thus, differences in design could affect energy absorption and have a large impact on the effectiveness of the flaps in performing this function. The side skirt, on the other hand, serves only as a surface on which the droplets can coalesce. Accordingly, the side skirt is a much simpler piece of equipment, typically, a simple flat surface. Given this, NHTSA does not believe it is necessary to establish any performance requirements for side skirts. Specifying dimensional requirements for skirts and requiring those devices to be installed in particular locations will serve the purpose of reducing the amount of spray generated by heavy trucks.

The notice proposes to require both flaps and skirts because each is more effective when used in conjunction with the other. Requiring one but not the other would allow the water thrown up by the wheels to escape because of insufficient containment.

Proposed Requirements for Vehicles

At the outset of this discussion, the agency wishes to emphasize again that these standards proposed by NHTSA apply only to new vehicles, not any vehicles already in use. The Federal Highway Administration addresses this latter group of vehicles in its proposal. In doing so, that agency takes into account any particular problems which might arise when equipping vehicles in use with spray suppressant flaps and side skirts.

Single unit trucks and small trailers and semitrailers. Congress did not include single unit trucks within the enumerated types of vehicles to be regulated under section 414. (Single unit trucks are vehicles in which the portion of the vehicle in which the driver is seated and which supplies the power to move the vehicle is connected to the cargo carrying portion by a common chassis.) Similarly, Congress defined trailers and semitrailers as only those vehicles designed to be used in combination with a truck tractor. Hence, neither single unit trucks nor small trailers and semitrailers designed to be used in combination with a passenger car or light truck are covered in these proposed requirements.

Truck tractors. This proposal would require all truck tractors to be equipped with spray suppressant flaps behind the rearmost tires on the drive axle and behind the tires on the steering axle. Flaps in these positions could suppress much of the splash and spray generated by the tractor. In 1982, STI tested flaps in these positions on tractors and found no problems in service, in terms of causing more frequent damage to the flaps or restricting access for tire and wheel maintenance. Further, it should be feasible for manufacturers to equip the tractors with this equipment.

Additionally, all tractors manufactured during the period beginning four years after the final rule would be required to be equipped with side skirts over the steering axle tires. The reasons for providing longer leadtime for compliance with this requirement is that these skirts are not currently installed on trucks sold in the U.S. market. Such devices have been installed on European tractors, but those vehicles have different fender configurations which come down lower on the tires than do the fenders on American tractors. By allowing manufacturers an additional three years to develop and test side skirts compatible with the steering axles of U.S. tractors, NHTSA believes that the products would be practicable and reliable at the time.

Trailers, semitrailers, and converter dollies. This proposal would require that all trailers, semitrailers, and converter dollies manufactured during the period beginning one year after the final rule be equipped with spray suppressant flaps behind the rearmost tires at each axle position. The spray suppressant flaps are already available on the market, and are easily capable of being integrated into the vehicle design by that date. Converter dollies were not expressly mentioned by Congress in the Act. However, these devices, which consist of a trailer chassis equipped with one or more axles a lower half of a fifth wheel and a drawbar, are used to convert semitrailers into full trailers. If no spray suppressant flaps are required on these vehicles, potential visibility improvements would be forgone. Given Congress' reference to semitrailers and trailers, the relationship between converter dollies and semitrailers and the need for spray suppression on converter dollies, NHTSA believes that converter dollies fall within the purview of section 414. Accordingly, NHTSA is proposing that these vehicles be equipped with spray suppressant flaps behind the rearmost tires.

Also effective one year after the final rule, side skirts would be required to be mounted over the rear axle position of all trailers and semitrailers which are flatbeds, vans, or tanks. These terms are defined in the proposed rule. These three types of vehicles comprise about 77 percent of the semitrailers and trailers on the road. Vans and tanks were tested in the 1982 STI study with skirts over the rear axle position. No significant problems were reported. NHTSA believes that the motoring public could experience reductions in the density of spray clouds formed on wet roads as a result of the combined effect of side skirts and spray suppressant flaps.

NHTSA has no data showing whether or not side skirts would be equally practicable and reliable on all other types of trailers and semitrailers, which make up the remaining 23 percent of the fleet. Accordingly, these vehicles would not be required to be equipped with rear side skirts one year after the final rule. Some types of trailers and semitrailers are totally excluded from the proposed skirt requirements. NHTSA believes that it would not be practicable to mount front or rear side skirts on these vehicles because of their design and construction (these vehicles generally are skeletal frames, with no area in which to contain the water coalescing on the side skirt) and because of the type of operation and use they receive (these vehicles generally spend a significant amount of time off the public roads, and when they are used on the public roads, it is generally over short distances on roads other than the Interstate system). For these reasons, and because the vehicles are comparatively few in number, NHSTA has tentatively concluded that excluding these vehicles from the side skirt requirements is the most appropriate course of action. The excluded vehicles are pole trailers, intermodal containers, intermodal container chassis, agricultural commodity trailers, pulpwood trailers, and straddle trailers.

For the other types of trailers and semitrailers which are not totally excluded from the proposed side skirt requirement and are not flatbeds, vans, or tanks, NHTSA has tentatively determined that it should be possible for the vehicle manufacturers to make the adjustments necessary to permit side skirts to be effectively mounted on the vehicles. Given appropriate leadtime, NHTSA believes these adjustments could be accomplished with minimal cost and technical difficulty. Vehicles in this group include auto haulers, dump trailers, garbage/refuse trailers, and boat racks. NHTSA has tentatively determined that side skirts over the rear axle position could be practicable and reliable on these vehicles by the date four years after the final rule. This notice proposes that those vehicles be so equipped if they are manufactured on or after that date.

The 1982 STI study indicated that there were problems with placing side skirts at the front of trailers and semitrailers to limit the spray from the rear tractor wheels. These skirts were vulnerable to damage during coupling and uncoupling, and during turns when the rear tractor tires ran over some object and moved up to contact the skirt. The failure rate for these skirts was so high that they were removed before the study was completed. Hence, NHTSA has tentatively decided that installation of side skirts at this position would not be practicable one year after publication of a final rule.

INSTALLATION REQUIREMENTS

Vehicles	1 yr after the final rule	4 yrs after the final rule
Truck tractor(s)	Steering axle flaps, drive axle flaps	Steering axle side skirts.
Trailers and semitrailers:		
Vans, tanks, and flatbeds	Rear axle flaps, rear axle side skirts.	Nose side skirts.
Pole trailers, intermodal containers, intermodal container chassis, agricultural commodity trailer, pulpwood trailer, straddle trailer	Rear axle flaps	
All other trailers and semitrailers not listed previously.	do	Rear axle side skirts, nose side skirts.
Converter dollies(s)	do	

Note.—The FHWA action on this subject sometimes refers to "nose side skirts" on trailers and semitrailers as side skirts over the "drive axle group" of the truck tractors. These terms both refer to the same location.

However, the 1977 STI study also indicated that side skirts at this position are very important to reduce the spray clouds generated by tractors and trailers. Given this importance, the agency is herein proposing that skirts be installed at this position at a later date. NHTSA believes that the problems encountered in the 1982 STI study can be overcome, since they concern only the issue of how to effectively mount the side skirt. The side skirts themselves are currently available and effective. By hinging the mounting equipment, or using flexible side skirts produced by one manufacturer, it should be possible to overcome the problems encountered in 1982 STI study.

Accordingly, this notice proposes that all trailers and semitrailers except those excluded from complying with the side skirt requirements (pole trailers, intermodal containers, intermodal container chassis, agricultural commodity trailers, pulpwood trailers, and straddle trailers) and which are manufactured beginning four years after the final rule be equipped with side skirts over the front wheel position. The following table summarizes the installation requirements proposed in this notice.

Flap and skirt installation. Since the spray suppressant devices can reduce splash and spray effectively only if they are properly installed by the manufacturers, this proposal specifies the locations in which those devices must be installed. Spray suppressant flaps would have to be installed not less than 2 nor more than 12 inches behind the tires whose spray they are intended to suppress. Specifying a range instead of single distance would allow the manufacturers flexibility in mounting these devices on the different types of vehicles covered by this proposed standard, while ensuring that the flaps are in a location where they would be effective. Within this range, the key variables are, as noted below, the relationship of the upper edge of the flap to the top of the tire and of the lower edge to the angle at which water is thrown rearward and upward by the tire.

The agency is proposing that the upper edge of the flaps be required to be at least as high as the top of the tire or tires behind which it is mounted. It is important to contain spray and prevent it from passing over the top of the flap without touching it, and forming a spray cloud as though there were no flap on that tire. However, NHTSA believes that it would not be physically possible to mount the flaps this high on some vehicles. In that situation, this notice proposes that the flap be mounted at least as high as the bottom of the frame rail.

A special provision is proposed to deal with the problem posed on some vehicles, most frequently tractors, by the presence of a fender or other body structure (most often a battery box) near the tire and to the rear of it. If the flap were attached to the bottom of the frame rail on these vehicles, a significant gap would exist between the flap and body structure. Water would be propelled through this gap onto the hard surface of the fender or battery box, thereby generating a spray cloud. To prevent this, this notice proposes that, in situations where the distance between the fender or other body structure and the tire in front of it is less than 1½ times the radius of the tire, the upper edge of the flap would have to be attached to the fender or body structure such that there would not be a gap of more than one inch between the upper edge of the flap and the fender or body structure.

The lower edge of the spray suppressant flaps would be required to be mounted so that a plane formed between that lower edge and the ground beneath the vertical centerline of the tire behind which the flap is mounted was not more than 10 degrees in the case of flaps mounted behind the steering axle of tractors and not more than 15 degrees in the case of flaps mounted behind any other axle. NHTSA believes that it is more appropriate to propose to allow manufacturers flexibility in locating the bottom edge of the flaps, instead of specifying that the lower edge shall be a fixed number of inches from the ground. This approach addresses the key issue which is the trajectory of the water thrown up by the tire. This approach also allows the manufacturer to select where on the vehicle to mount the flaps, and makes sure that the flaps are low enough to be effective. It also avoids the problems which arise in individual situations where a flap cannot be mounted so that the lower edge is a fixed number of inches from the ground.

The proposal of one flap height for steering axles on tractors and another for all other vehicle axles arises from a concern over the reliability of the flaps. The closer the skirts are to the ground, the more effective they are in preventing splash and spray. On the other hand, the lower the flaps are to the ground, the more likely they are to break while in service. The greatest danger of breakage occurs when tires hit a curb or other elevated surface and pinch the flap against the tire. This tears the flap off its mount or breaks it. (Were it not for this breakage problem, NHTSA would propose an angle of 5 degrees because this would most effectively reduce splash and spray. However, flaps this close to the ground would be subject to frequent breakage.) The currently available data indicate that the tires on the steering axle of truck tractors hit curbs and other objects far less often than the other tires. Accordingly, this proposal would require that those flaps be mounted lower than the other flaps.

An additional mounting requirement is that the flaps cover the full width of the space created by the rearward projection of the tires. That area is where most of the water on the wet roadway will be thrown. To ensure that the flaps fill this area, this notice would require that flaps be at least as wide as the maximum section width of the tires behind which they are mounted, and that they be mounted so as to cover that area. In the case of flaps installed behind dual mounted tires, the flaps would be required to be at least as large as the distance between the most inboard point on the inboard tire and the most outboard point on the outboard tire. They would also have to be mounted so as to cover that entire area.

The proposed side skirt mounting requirements are similar to the flap mounting requirements in that the agency would require the skirts to also be located in the area where they would be most effective in reducing spray. However, these requirements allow less flexibility because there are not as many areas in which skirts could be mounted and be effective. This proposal would require side skirts to hang down from the vehicle at least to the level of the top of the tires which they are protecting, at all points along the required length of the side skirt. This requirement will ensure that most of the spray is prevented from moving into the turbulent air flow around the tires. Further the skirts would be required to be at least as long as the distance between the front of the tire whose spray is being suppressed and its rear, and be mounted so as to at least cover that length. In the case of a side skirt mounted over dual axles, the side skirt would be required to be at least as long as the distance between the forwardmost point of the front tire and the rearmost point of the rear tire, and be mounted so as to cover that space.

There is one situation where side skirts would be required to be mounted over a position where there are no tires to use as a reference point. Skirts will be required to be mounted on the nose of semitrailers. The reason for this requirement is that skirts cannot be required to be mounted over the drive axle of tractors because that would not be practicable. This is true both because there is currently no structure there to which skirts can be attached, and because the addition of such a structure would interfere with the coupling and operation of the tractor with certain trailers. However, the 1977 STI study indicated that it was very important to have side skirts for the drive axle on the tractor. The only way to do this in the case of semitrailers is to mount side skirts on the semitrailer in such a way that they will protect the drive axle tires. To achieve this result, the agency is proposing that skirts to be mounted on the semitrailer so that the gap between the side skirt and the vehicle on which it is mounted is not more than one inch at any point along its length. This will ensure that the side skirts are positioned properly to trap the spray from escaping into the area of turbulent air flow.

Further, the skirt would have to be at least 8 feet long and be mounted with its forward edge even with the most forward point on that side of the semitrailer. This length of 8 feet was chosen because that would protect the drive axle tires on almost all tractors which would be attached to the semitrailer. Finally, the skirt would have to hang down at least six inches from the point on which it was installed. Although 6 inch high skirts were shown to be more effective in the 1982 STI study, the breakage problems associated with side skirts mounted at this position would be lessened if the vertical height of the skirts were less.

Impact Analyses

NHTSA has analyzed this proposal and determined that it is neither "major" within the meaning of Executive Order 12291 nor "significant" within the meaning of the Department of Transportation regulatory policies and procedures. NHTSA believes that these requirements, if adopted, would impose an annual burden of no more than $20.6 million on the manufacturers and operators of truck tractors, semitrailers, and trailers to comply with the proposed requirements for the period beginning four years after the final rule is published. The annual burden of the less stringent, preferred proposal for the period one to four years after the final rule would be somewhat lower. The figure for the former proposal is below the annual threshold of $100 million for classifying a rule as major in the Executive Order. That proposal would increase the sales for the manufacturers of the spray suppression devices. Drivers on the Interstate system may benefit from improved visibility on wet roadways, but, because of the paucity of relevant accident data, the agency is currently unable to quantify any specific safety benefits. A preliminary regulatory evaluation regarding these impacts has been prepared and placed in Docket No. 83-05. A copy of this evaluation may be obtained free of charge by writing the Docket Section or by calling it at (202) 426-2768.

The agency has considered the environmental implications of this rule in accordance with the National Environmental Policy Act of 1969 and determined that this rule will not significantly affect the human environment. Most vehicles already are equipped with mudflaps, and the amount of plastic and petroleum needed to manufacture spray suppressant flaps is only negligibly greater than the amount needed to manufacture plain mudflaps.

The proposed labeling requirements for spray suppressant flaps are considered to be information collection requirements, as that term is defined by the Office of Management and Budget (OMB) in 5 CFR Part 1320. Accordingly, those labeling requirements will be submitted to OMB for its approval, pursuant to the requirements of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*). Comments on the proposed information collection requirements should be submitted to: Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, D.C. 20503, Attention: Desk Officer for NHTSA. It is requested that comments sent to the OMB also be sent to the NHTSA rulemaking docket for this proposed action.

Finally, the agency has considered the impacts of this proposed action on small entities, as required by the Regulatory Flexibility Act. That Act requires that any significant economic impacts on a substantial number of small entities be identified, and this has been done in the preliminary regulatory evaluation. Those impacts may be summarized as follows: The manufacturers of spray suppression devices which are small entities may lose up to 44 percent of their business if they are unable to produce rubber flaps which can comply with the proposed requirement of 75 percent spray reduction in the test tunnel. The only flap which has achieved this level of spray reduction to date is made of plastic. They could possibly recapture almost all of this business by producing more side skirts. The vehicle manufacturers and vehicle purchasers will be minimally affected by this proposed rule by slightly increased prices for new vehicles. For a more complete discussion of these impacts, interested persons are urged to read the preliminary regulatory evaluation.

Interested persons are invited to submit comments on the proposal. It is requested but not required that 10 copies be submitted.

All comments must be limited not to exceed 15 pages in length. (49 CFR 553.21) Necessary attachments may be appended to these submissions without regard to the 15-page limit. This limitation is intended to encourage commenters to detail their primary arguments in a concise fashion.

If a commenter wishes to submit certain information under a claim of confidentiality, three copies of the complete submission, including purportedly confidential information, should be submitted to the Chief Counsel, NHTSA, at the street address given above, and seven copies from which the purportedly confidential information has been deleted should be submitted to the Docket Section. A request for confidentiality should be accompanied by a cover letter setting forth the information specified in the agency's confidential business information regulation (49 CFR Part 512).

All comments received before the close of business on the comment closing date indicated above will be considered, and will be available for examination in the docket at the above address both before and after that date. To the extent possible, comments filed after the closing date will also be considered. However, the rulemaking action may proceed at any time after that date, and comments received after the closing date and too late for consideration in regard to the action will be treated as suggestions for future rulemaking. The NHTSA will continue to file relevant material as it becomes available in the docket after the closing date, and it is recommended that interested persons continue to examine the docket for new material.

Those persons desiring to be notified upon receipt of their comments in the rules docket should enclose, in the envelope with their comments, a self-addressed stamped postcard. Upon receiving the comments, the docket supervisor will return the postcard by mail.

List of Subjects in 49 CFR Part 584

Motor carriers, Motor vehicles, Plastic and plastic products, Rubber and rubber products.

In consideration of the foregoing, it is proposed that Title 49, Code of Federal Regulations, be amended by adding a new Part 584 to read as follows:

PART 584—SPLASH AND SPRAY SUPPRESSION

Sec.
584.1 Scope.
584.2 Purpose.
584.3 Application.
584.4 Definitions.
584.5 Vehicle requirements.
584.6 Spray suppressant flap requirements.
584.7 Test procedures for evaluating spray suppressant flaps.
Appendix A—Design of Spray Tunnel Test Facility

Authority: Sec. 414, Pub. L. 97-424, 96 Stat. 2161 (49 U.S.C. 2314).

§ 584.1 Scope.

This part establishes performance requirements for spray suppressant flaps, and requires that flaps and side skirts be mounted at various wheel positions on truck tractors, trailers, semitrailers, and converter dollies.

§ 584.2 Purpose.

The purpose of this part is to improve driver visibility on wet roadways by reducing the amount of splash and spray generated by truck tractors, trailers, and semitrailers.

§ 584.3 Application.

This part applies to spray suppressant flaps, and to truck tractors, trailers, semitrailers, and truck converter dollies.

§ 584.4 Definitions.

"Agricultural commodity trailer" is used as defined in section S4 of 49 CFR 571.121.

"Container chassis" means a trailer or semitrailer consisting of a wheeled undercarriage and support chassis designed exclusively to transport intermodal containers.

"Flatbed" means a trailer or semitrailer which has a platform that effectively spans the entire length and width of the vehicle and which has no sides, ends, roofs, or other enclosing superstructure higher than the platform. Low-bed heavy haulers and gooseneck trailers are not included within this term.

"Intermodal container" means a cargo container as defined in 49 CFR 450.3(a)(2).

"Pole trailer" means a trailer as defined at 49 CFR 390.5.

"Pulpwood trailer" is used as defined in section S4 of 49 CFR 571.121.

"Semitrailer" means a trailer so constructed that a substantial portion of its weight rests upon or is carried by a truck tractor.

[CLERK'S NOTE.—The remainder of the proposed rule was provided for committee files.]

OREGON STUDY ON SPLASH AND SPRAY

Mr. LEHMAN. I believe that you have funded a study in Oregon in which state troopers rated how well different splash controls improve motorists' passing ability. What did that study conclude?

Ms. STEED. Actually the Oregon study was, in fact, a study done by the Schlegel Corporation and Monsanto Corporation who are manufacturers of textured flaps.

And they found surprisingly enough, that textured flaps do reduce splash and spray. They also found that textured flaps did make a perceived difference in the splash and spray emitted from the back of trucks.

There were some problems with the study. Things like there was not a lot of rainfall during the time period that they were running the test. In fact, almost 80 percent of the public's impressions were taken at a time when the roads were not very wet.

I would characterize the study generally as quite subjective and one of the things that we are looking at but certainly not determinative.

Mr. LEHMAN. Please provide for the record a summary of the findings and conclusions of the Oregon study.

[The information follows:]

The Oregon study was a project of the Schlegel Corporation of Rochester, New York, and the Monsanto Corporation of St. Louis, Missouri, in cooperation with the Oregon State Police, the Oregon Department of Transportation and cooperating trucking fleets. The study was conducted, with Rudolf G. Mortimer, Ph.D, as a study consultant, during the winter of 1984-85. A report on the study's results titled "Highway Evaluation of Spray Suppressant Device on Large Trucks: The Oregon Test" was submitted to the public docket on splash and spray, Docket No. 83-05-001-137, on August 12, 1985.

The purpose of the study was to evaluate the effectiveness of various forms and combinations of flaps, side skirts, and air deflectors upon the visibility of automobile drivers passing tractor-van trailer trucks on wet or snow-covered pavement of interstate highways. The conclusions of the study, as reported by the authors in the docket comment, are as follows:

(1) Data shows a strong trend that trucks equipped with spray suppressant consisting of textured flaps and side skirts produced improvements in visibility and reductions in spray,

(2) While there were not enough data to evaluate the effects of different spray suppressant treatments, the treatments taken as a whole had a significant effect in improving the perceived visibility of the passing drivers,

(3) Speeds of 55 mph and greater had an adverse effect on visibility compared with lower speeds, and,

(4) Trucks equipped with spray suppressants were also rated as causing less spray than untreated trucks, and the spray was also found to be affected by the degree of rain and the number of trailers.

The authors noted the following caveats associated with the data gathering, which affected their analysis of the effectiveness of splash and spray suppression devices:

(1) A general lack of rainfall during the winter of 1984-85 in Oregon, resulting in only 158 pairs of observations, and,

(2) Up to 79 percent of the ratings were made when the rainfall was described as light, or there was no precipitation, but the roads were wet or slushy, making it difficult to measure benefits of devices which become more effective in wetter conditions.

The agency is evaluating this report along with other comments to the docket.

EFFECTIVENESS OF SPLASH AND SPRAY DEVICES

Mr. LEHMAN. Do you have any doubt that the splash and spray devices required in your NPRM will be effective and will improve safety?

[The information follows:]

Yes, we do have doubts about the effectiveness of the spray suppression devices proposed to be required in our NPRM. As you know, we have reopened the comment period for this rulemaking to allow the public to comment on data received by the agency after the comment period closed. Further, we are evaluating the data submitted from a large-scale field testing project, as well as the results from other short-term research projects. Because of this continuing analysis and evaluation, this discussion is tentative and may change after this further analysis and evaluation. With this caveat, however, I will explain the bases for our misgivings.

The field tests conducted thus far generally show that these devices generally reduce the density of the spray cloud, and that these reductions are measurable by lasers and visible to the human eye. It appears likely that the field data will show that trucks fitted with splash and spray suppression devices will produce less spray than trucks fitted with standard hard rubber flaps only.

However, the field tests indicate that this conclusion is very dependent on environmental conditions. Research to date seems to indicate that crosswinds of 7.5 miles per hour or more which is a common occurrence have a significant negative impact on the effectivenes of the splash and spray devices. The depth of the water on the road also affects the extent to which these devices can reduce spray.

More significantly, NHTSA is very concerned that these devices may not reduce spray sufficiently so that other drivers on the road will notice the reduction. The field test data analyzed to date appear to indicate that the splash and spray suppression devices achieve an 11 percent visibility improvement. However, for drivers engulfed in a spray cloud generated by a heavy truck, an 11 percent reduction in the density of this cloud would not seem to be sufficient to offer significant safety improvements. We do not want to promulgate a costly requirement that heavy trucks be equipped with these devices without some showing that the devices would be effective and yield some enhanced safety on the roads. For this reason, we stated in our NPRM that, "This mixed pattern of research results leaves the agency with misgivings about the appropriateness of proceeding with rulemaking at this time."

OPPOSITION TO SPLASH AND SPRAY RULEMAKING

Mr. LEHMAN. According to a recent news report, the cards have been stacked against this rulemaking. An October 22, 1985, Journal of Commerce article quotes an anonymous DOT official as follows:

"The Administration is philosophically and politically opposed to forcing the industry to adopt this kind of technology. I think we are groping for any excuse to stall this thing. No one wants this."

Are you philosophically and politically opposed to requiring new splash and spray devices?

Ms. STEED. If I am going to take a position philosophically or politically opposed to something, I think that I can find something better than mudflaps on which to take a stand.

Now, what we are concerned about is costs and benefits and whether these devices actually work—whether they actually reduce spray and whether or not they work in windy conditions—practical on-the-road concerns that are very tough to get a handle on.

TRUCK-SMALL CAR INTERACTION

Mr. LEHMAN. One of the things that I have seen—a couple of people I have known have been in small cars passing trucks on the highway and they are sucked underneath the trucks.

A friend of mine was killed when passed by a truck as they were moving along. There is a suction. I knew of a motorcyclist who was killed the same way. Have you looked at that hazard at all?

Mr. **Parker**. Yes, there was a study a number of years ago that looked at that very issue. When a truck passes a passenger car or vice versa there is a wave that pushes you away from the truck and then there is a pressure that pushes you into the truck.

We actually tested Volkswagon beetles at the time and we found there really was not much effect. We could not quantify anything for the purposes of doing any rulemaking. Basically we could not find any particular problem with that.

NATIONAL TRUCK DRIVERS LICENSE

Mr. **Lehman**. Another area of interest to those working to improve truck safety is tightening up on truck driver qualifications and training. I know that jurisdiction in this area is held by the BMCS, but I would like to get your opinions on these issues since you are an "interested bystander" in many cases.

First, legislation has been introduced in the Senate to establish a national drivers license for interstate truck and bus drivers. How big a problem is the current state of affairs in which truck drivers who lose their licenses in one state can "hop" to another state and obtain a new license?

And do you support a national drivers' license approach?

Ms. **Steed**. Mr. Chairman, since George Reagle testified on that yesterday, I think that I will let him give the answer today, too.

Mr. **Reagle**. The first part of your question on multiple licenses, is a fairly big problem, Mr. Chairman. We did a study with the AAMVA in the early 80's that found that up to about 32 percent of truck drivers interviewed on the side of the road had multiple licenses.

So it is a fairly big problem.

NTSB did a study of, I believe, 44 accidents and found that many of those drivers involved in those accidents had multiple licenses. On the issue of a national drivers' license, if by national we mean one that where the federal government were the umbrella for a minimum set of criteria, working with the states and other organizations, I think that we would look favorably at that as long as the license was administered and processed at the state level.

We would look favorably upon that concept as opposed to a federal license.

BLOOD ALCOHOL LEVELS FOR TRUCK AND BUS DRIVERS

Mr. **Lehman**. We understand that the same bill would include a legal standard defining intoxication as .04 percent blood alcohol content, compared to the .10 level many states have now. And it would also require mandatory testing for alcohol and drugs for drivers in accidents. Do you support these provisions?

Ms. **Steed**. The Department is looking at that, Mr. Chairman. We have not taken a position on that particular piece of legislation. As soon as we do, we would be happy to supply it to the Committee.

TRUCK TACHOGRAPHS

Mr. **Lehman**. Some safety advocates have called for the required installation of tachographs on trucks, that record speed and driving time. Others have called for the installation of speed limiting devices on trucks.

Do you believe these approaches should be looked into, and possibly mandated?

I know some companies that put these devices on trucks already.

Mr. **Smolkin**. You do find, Mr. Chairman, that certain companies do use tachographs as the way of measuring worker efficiency and amount of time idling versus amount of time running. Most companies that practically pursue safety policies are able to implement such policies, such as keeping the drivers maintaining the speed limit and other safety regulations, without the use of tachographs. It does not appear, at present, that there would be a need to require tachographs in all trucks, in order to carry out our safety responsibilities.

Mr. **Lehman**. How about the speed limit recording?

Mr. **Smolkin**. In the Common Market, countries do have regulations that monitor speed as well as other characteristics of the truck through tachographs. But there are certainly other capabilities that we have to monitor speed other than mandating the use of tachographs in all trucks.

FORD PARK TO REVERSE TRANSMISSION ISSUE

Mr. **Lehman**. Last July you announced that you would not reopen investigations into the Ford "park to reverse" transmission defect case due to the absence of new information suggesting the presence of a defect.

According to your figures, how many deaths do you attribute to "runaway" Fords before Secretary Goldschmidt's sticker decision in 1981, and how many deaths do you attribute to this cause since 1981?

Ms. **Steed**. I think that I can give it to you now, Mr. Chairman. We have looked at this case in particular pretty thoroughly. One hundred sixty-seven fatalities occurred prior to the settlement December 31, 1980. Post-settlement, there have been 98 reported fatalities.

Mr. **Lehman**. I believe the Ford Motor Company claims the reason for these runaway cars is the driver's failure to put the car into park correctly. They also claim that other manufacturers have similar "park to reverse" death rates.

Does your data show that Ford vehicles have similar "park to reverse" accident rates compared to other makes?

Ms. **Steed**. In the last petition in this case, which was a petition from the Center for Auto Safety, we found that the problem does occur in other vehicles. As we looked at it though, we found that the fatality rate for Ford was about twice that of other manufacturers.

Mr. **Lehman**. I believe that GAO had been looking into your handling of the "park to reverse" case. In a preliminary report to the authorizing committees, they reportedly criticized the data you used in making your decision to deny reopening this case, because it was incomplete.

Are you confident that the data you used in making this judgment was complete and unbiased?

Ms. **Steed**. Absolutely confident. As a matter of fact, we did not simply rely on one data base. For example we went in to the FARS reports to see what we could find.

Mr. **Lehman**. If a signficant number of new park to reverse cases were to come to light, would you again consider reopening this case?

Ms. **Steed**. Sheer numbers alone, Mr. Chairman, would not convince me to reopen this case. However, we are keeping a closer watch on this whole situation to see if there is any new information. There is always the chance that given significant new information, we could reopen any enforcement action.

Mr. **Lehman**. But you will continue to monitor this situation?

Ms. **Steed**. Absolutely.

Mr. **Lehman**. How long does the statute of limitations run for the Ford cars in question? And, how many cars in question are now excluded from any recall order you might give?

Ms. **Jones**. The statute of limitations runs for eight years which means that at this point, if we were to issue an order today, we could go back eight years from today which would be March 1978.

The cars in question were manufactured through 1979 and that would pick-up approximately the last two years of the cars in this case.

Mr. **Lehman**. How many would that be, do you have any idea?

Ms. **Jones**. I do not have that information, no.

Mr. **Lehman**. For the record——

Ms. **Steed**. It would be about 3.5 million cars which are still in service and eligible for recall.

GM SUDDEN ACCELERATION PROBLEM

Mr. **Lehman**. You have also been conducting a longstanding defect investigation of primarily General Motors cars with automatic transmissions that are allegedly prone to sudden acceleration when shifted from "park" into "drive" or "reverse". This investigation covers about 58 million vehicles.

The Center for Auto Safety claims that this alleged defect has caused 60 deaths, 700 injuries, and 1,100 accidents since 1973. What is the status of this investigation?

When might we see the conclusion of this investigation?

Ms. **Steed**. That investigation is particularly frustrating. It is ongoing and it is a relatively old investigation that has been before the Agency for a number of years. We have looked at all different types of automobiles where we have had a report on this for example—Audi, Cadillac, Toyotas and so forth, and we cannot find any consistent trend as to what might be causing this problem.

Where we find particular mechanical problems with a car, we have secured recalls. Audi and Cadillac are good examples. We have just recently requested Toyota to recall some vehicles because of cruise control problems. However, in terms of a general, overall answer, we have not been able to find a trend. And we have done significant testing.

Mr. LEHMAN. I can tell you what causes it.

Ms. STEED. Okay.

Mr. LEHMAN. Automatic choke. In these cars, if you start them off in the morning, on a cool morning, the automatic choke goes on and the engine speeds up until you pump the accelerator a couple of times and then it slows back down again.

You know what I am talking about.

Ms. STEED. I do and we have looked at that. These accidents occur or supposed accidents occur at all times of the day, so that it is not always just after starting the car.

Mr. LEHMAN. You will continue to check into that?

Ms. STEED. Absolutely.

Mr. LEHMAN. The Center for Auto Safety said last September that the "sudden acceleration" case is NHTSA's oldest active investigation, yet NHTSA had not written to General Motors about this potential defect since 1981.

Is this true? And if so, why is this investigation not receiving higher priority?

Ms. STEED. I will have to ask George about writing to General Motors, but again I would point out that it does not only involve General Motors cars. And I can assure you that it is receiving the highest priority.

George, do you know?

Mr. PARKER. We wrote to them recently and I do not recall the date, but we can supply it for the record, if you wish. We do have the response from General Motors too from our last request from them.

[The following information was supplied for the record:]

Our letter to General Motors was sent on September 16, 1985, and their response was received on January 23, 1986.

Mr. LEHMAN. And is there any linkage between this problem and computer controls?

Mr. PARKER. Well, the problem is that the complaints that we have cover cars with all the General Motors transmission designs, all the different engines, all the different car lines, and car lines with and without cruise control and with and without computers on them, and we have looked at, we have developed a hypothesis of what could be causing this and looked into particular cars that have had the problem. And we do not see any evidence that what we think could have caused it was actually on that particular car.

So, it cannot be just the computers, because we have complaints from cars without computers.

Mr. LEHMAN. Have you looked at the computer question and if so, will you continue to monitor this whole situation here?

Mr. PARKER. We have looked at the computer question and we will continue to look at that.

SUDDEN ACCELERATION RECALLS

Ms. STEED. Mr. Chairman, if I could just give you an example of how we continue to give this problem our attention, absolutely.

As a matter of fact, one came to my attention just recently on the Audi sudden acceleration problem and goes all the way back to 1981 when we opened an investigation on consumer complaints on the Audis.

VW did do a recall after our opening that involved about 9,200 1978 to 1982 vehicles. At that point, even after we had gotten a recall, we do not just stop. They actually do an audit of the recall.

We started an audit of the VW recall in 1982 and as a result of our continuing look into it as a part of the audit, VW expanded its recall to some additional vehicles that had a problem with brake pedal height.

We did some testing and showed that it was possible to overlap your foot on both the brake and the accelerator—a mechanical problem—and we sent them a recall request letter in 1983 and obtained, again, another recall that involved about 117,000 vehicles.

Again, we initiated an audit because as I said, this is a very frustrating problem that we are simply having a problem getting a handle on and we discovered complaints of possible sudden acceleration in later year cars—1984 and 1985 Audis. So we opened in November, a case to investigate this particular sudden acceleration problem, with these cars. So this is not a problem which we are simply closing our eyes, it is something that we continue to try and work with the manufacturers to find the cause of the problem.

And I think that is a good example of exactly how the enforcement process works. We continue to follow a problem to make sure that we have identified the defect and gotten it off the road.

SUDDEN ACCELERATION PROBLEM

Mr. LEHMAN. There are some allegations that 1.4 million 1984 and 1985 Ford cars may be defective because of dangerous and unexpected acceleration. Would you explain the alleged problem with these vehicles and tell us the status of any investigation?

[The information follows:]

On September 6, 1985, NHTSA opened a Preliminary Evaluation to investigate sudden acceleration and engine surge in 1984 and 1985 Ford full and midsize cars equipped with fuel injected 3.8 or 5.0 litre engines. The alleged sudden acceleration reported by some 122 complaints manifests itself as uncontrollable acceleration, reportedly without driver input. The problem is alleged to have resulted in 20 injury producing accidents. NHTSA's review has not yet revealed a specific defect. And no specific model has demonstrated an elevated failure rate. The investigation of possible cause is continuing.

CHRYSLER K CAR ENGINE FIRES

Mr. LEHMAN. Last summer, the Center for Auto Safety also accused you of "footdragging" on petitions to reopen an earlier investigation of Chrysler K car engine fires. They claim that they sent NHTSA six separate petitions in 1983 and 1984 to reopen this investigation before you finally responded by asking Chrysler for additional data. Why did it take six petitions on this issue before NHTSA responded to them?

Is that the normal case?

Mr. PARKER. Mr. Chairman, we had actually started an investigation of K-car fires, which included other Chrysler cars with the same engines back in 1981, and we closed it in 1983 because we could not find a common cause of the fires.

We did get some new information from the Center for Auto Safety, and that was in September and October of 1984. Plus we had some new complaints in our files, and we opened a new investigation. Chrysler did a voluntary recall in 1984, and we got new information again from the Center for Auto Safety suggesting that the Chrysler recall was not broad enough.

We asked Chrysler to look at the allegations of the Center. The recall did cover everything that the Center thought should have been recalled. We continued the investigation because even though we closed the earlier investigation on older cars, the Chrysler recall only covered 1984 and 1985 model year cars, and we wanted to make sure that everything was still okay, or there was not the common cause, for the older cars included in the earlier investigation. We continued the investigation and we have written to Chrysler two times in the last year. Earlier this year, I think it was on the 13th of January, we got a stack of information five feet high which we are still evaluating.

So that has been an ongoing, active investigation, and the Center in this case, has been helpful in providing complaints to us. I would not characterize our actions as footdragging, I think that we have been very aggressive in this area.

As a matter of fact, for K-cars, and similar cars with the same engine and fuel systems, there have been five separate recalls for fires since 1981.

Mr. **Lehman**. It also is alleged that it took Chrysler five months to respond to NHTSA's inquiries on these engine fires. Does it normally take the auto makers five months to answer your defect inquiries?

Is that acceptable in your view?

Ms. **Steed**. No, it does not take that long. We give them very specific deadlines and we follow those deadlines very closely. If they need an extension for one reason or another and if it is a good reason, we will grant an extension. It is not a five month time frame.

Mr. **Parker**. I believe in this case, too, with the five months that there was an interim response from Chrysler and then a second response that completed it.

Mr. **Lehman**. And it had nothing to do with the Statue of Liberty?

What is the status of your inquiry into the alleged Chrysler engine fire defect?

[The information follows:]

The investigation is ongoing. A large volume of information (five linear feet) requested from Chrysler was received January 13, 1986, and is now being analyzed. The material includes incident reports and results of detailed field investigations of fires. Many of the fire reports involve vehicles which would have been covered in Chrysler recall campaigns.

FORD TRUCK WHEEL PROBLEMS

Mr. **Lehman**. Allegations have also been made that the rear wheels on certain Ford trucks are prone to fall off. I believe U-

Haul International, Inc. has been especially critical of this alleged problem.

Would you explain the nature of these allegations and give us the status of your investigation?

Ms. Steed. We do have an ongoing investigation, Mr. Chairman, and George, do you have the details on that?

Mr. Lehman. Are these small trucks or heavy trucks?

Ms. Steed. These are smaller trucks; not heavy trucks.

Mr. Parker. They're large pick-up trucks.

Ms. Steed. Yes.

Mr. Parker. If you recall seeing the U-Haul truck on the road, they're a large pick-up truck base with a big van body on them.

When we looked into the problem, our conclusion was that there may have been a problem with the Ford design. There may have also been a problem with the U-Haul maintenance program. U-Haul has, we know, tightened up on their program. They are doing more checks of the tightness of the lug nuts on the rear wheel; they have gone to a program of lubricating the lug nut studs to make sure that they can develop full clamping force of the wheels on the axle.

We've continued the investigation. As a matter of fact, we have a formal defect investigation. There has been a press release issued on opening that investigation, and that investigation is ongoing. We expect to do some testing and some additional gathering of information from the public on that particular problem.

Mr. Lehman. Are the wheels falling off the hub, or the hub coming off the axle, or is the axle coming off?

Mr. Parker. The wheel actually comes off the hub.

GM X-CAR RECALL LITIGATION STATUS

Mr. Lehman. Would you bring us up to date on your X-car litigation? When do you expect a decision from the court?

Ms. Jones. Mr. Chairman, the government and General Motors both finished the primary portion of the case, which was the presentation of evidence and witnesses on May 16th, 1985. Then responding to a schedule set by the judge, we filed our final briefs on January 24th of this year, 1986. And the final arguments were made on February 24th and February 26th of this year.

That is the last of the paperwork and arguments and the decision could come down at any time. We're expecting it before this summer.

GM X-CAR BRAKE LININGS

Mr. Lehman. Allegations have also been made that NHTSA is not following through on its own internal test results showing that certain 1980 X-car replacement brake linings are potentially hazardous. It is alleged that NHTSA has found that certain replacement brake linings made by independent suppliers grab too strongly, causing these brakes to lock up.

NHTSA reportedly has approached these suppliers privately asking them to voluntarily stop recommending their use on 1980 X-cars. However, NHTSA did not warn the general public. Is this an accurate depiction of events? If so, why wasn't the public warned?

Ms. Steed. We did test a number of X-car replacement brake linings, Mr. Chairman, and several of the linings did display characteristics which could aggravate lock-up tendencies.

So, as a result of that, we did negotiate with the individual brake lining manufacturers, and secured the removal of these linings from the marketplace.

George, you might want to expand on that.

Mr. Parker. Well, there were four, actually, out of a number that we tested that we believed would aggravate the X-car lock-up tendency.

The problem with doing anything to warn the public is that the marketing practices of the lining manufacturers is such that they supply linings to quite a number of distributors. The distributors package the linings different ways and there would be no way for the consumer to tell what after-market lining they had in their particular vehicle.

And there's a lot of lining that isn't a problem. So if we had issued some sort of a warning, we could have had all these consumers going back into shops, et cetera, to find out if they had the bad lining.

Nobody would be able to tell. They wouldn't be able to remember what they had on their car. You couldn't tell after a small amount of wear on the lining whether it was a certain manufacturer's lining or not.

So, we felt the best way to go about that is to get the linings off the marketplace for that application, and that was the most responsible action to take.

Mr. Lehman. The trouble is most brake relining jobs are not done through the dealer organization. The work is done through independent auto shops. I don't think these people know what kind of lining they have on their shelves, and probably they'd buy the cheapest at the time.

Mr. Parker. That's why we thought it was best to take them off the marketplace, to work with the manufacturers. Because you're absolutely right; they don't know what they have on their car.

Mr. Lehman. You couldn't go into every Midas Muffler company and find out what kind of lining they had on their shelves and recall it.

Ms. Steed. That's exactly right.

Mr. Lehman. But can you assure us that all these defective linings are no longer being supplied to the market? Is there any way we can be assured of that?

Mr. Parker. Well, to the best of our knowledge, that's the case, Mr. Chairman. All the manufacturers that had the lining that we felt would cause a problem assured us that they were removing that application for X-cars.

Mr. Lehman. It doesn't take much capital to start manufacturing brake linings.

Mr. Parker. That's correct.

RECALL TRENDS

Mr. LEHMAN. Last month, NHTSA announced that it had recalled a total of 5,629,000 motor vehicles in 1985 in 173 separate recalls.

Although the actual number of recalled vehicles is down from 1984 by close to 1.6 million vehicles, the total number of recalls increased slightly (by nine).

And, looking at the four-year trend as reported on pages 554 and 555 of last year's hearing record, the number of recalls and recalled vehicles have increased significantly.

Could one conclude from this data that auto makers are not making safer cars as the years go by? Or are you tougher?

Ms. STEED. You took the words right out of my mouth. I think we're doing a better job—a good job as our enforcement responsibilities go.

I don't think that the number of vehicles, or the number of recalls each year is a very good measure of either the program, or the auto manufacturers. I think the numbers indicate that we continue to be very vigilant, and that we're doing our job in getting defective autos off the highway.

MANUFACTURERS' COMMITMENT TO BUILDING SAFE CARS

Mr. LEHMAN. Based on the number of recalls NHTSA made over the years, which auto manufacturers have shown the highest continued commitment towards building safe cars and which manufacturer needs to improve the most in this regard?

[The information follows:]

It is not possible to correlate the number of recalls and a manufacturer's commitment to building safe cars, because there are many other factors that affect recall statistics. Included among these are the number of vehicles produced by manufacturer, the number of vehicles being recalled, and the nature of the defect involved in the recall.

1985 RECALL CAMPAIGNS

Mr. LEHMAN. Please provide for the record a summary of motor vehicle safety defect recall campaigns from January 1985 to date similar to what appears on pages 539 through 552 of last year's hearing record.

[The information follows:]

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1985 THROUGH DECEMBER 31, 1985

Reporting Manufacturers	Number of Recall Campaigns	Number of Vehicles
DOMESTIC VEHICLES		
Alfa Leisure, Inc.	1	820
AM General Corporation	1	334
American Motors Corp.	5	203,112
Automatic Equipment Mfg. Co.	1	500
Chrysler Corporation	2	317,000
Coachmen Industries, Inc.	1	153
Coleman Co., Inc.	1	1,168
Collins Ind., Inc.	1	31
Correct Craft Inc.	1	341
Cottrell, Incorporated	1	268
DRI Inc.	1	970
Eldorado Motor Corp.	1	665
Ernest Holmes Company	1	18
Executive Ind., Inc.	4	1,916
Fleetwood Ent., Inc.	4	57,582
Ford Motor Company	16	1,152,668
Freightliner Corporation	4	7,374
Gardner Pacific Corp.	1	452
General Motors Corp.	19	3,083,111
Great Dane Trailers, Inc.	1	168
Grumman Allied Ind., Inc.	3	818
Heritage Rec. Vehicle Ltd.	1	750
Holiday Rambler Corp.	1	600
Huntsman, Inc.	1	35
International Harvester	3	50,030
Jannell & Sons Body Co.	1	16
Kidron, Incorporated	1	81
Lufkin Ind., Inc.	1	13
Mack Trucks, Incorporated	6	17,598
Mobil Traveler, Inc.	1	1,238
Neoplan USA Corp.	5	7,854
Newmar Corporation	1	35
Oshkosh Truck Corporation	3	555
Paccar, Incorporated	1	850
Perris Valley Campers	1	12
R.B.R. Corporation	2	160
Ranger Industries Inc.	1	35
Ravens Manufacturing Co.	1	67
Sunrader, Inc.	1	8
The Flxible Corporation	1	73
Theurer Wagon Works, Inc.	1	162
Thomas Built Buses, Inc.	2	123
Trailmobile Inc.	1	568
Transportation Mfg. Corp.	2	90
Volvo White Truck Corp.	2	14,232
Winnebago Ind., Inc.	2	6,570
TOTALS	113	4,931,224

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1985 THROUGH DECEMBER 31, 1985

Reporting Manufacturers	Number of Recall Campaigns	Number of Vehicles
FOREIGN VEHICLES		
American Honda Motor Co.	1	8,178
Bayerische Motoren Werke	3	13,840
Ferrari North America	3	915
Isuzu Motor, Limited	1	5,300
Iveco Truck of N.A., Inc.	1	402
Jaguar Rover Triumph Inc.	2	160,000
Kawasaki Motors Corp.	1	650
Mercedes-Benz of N.A., Inc.	1	6,384
Nissan Motors Corporation	2	13,240
Porsche Cars N.A., Inc.	4	11,801
Saab-Scania of America, Inc.	2	22,781
Suzuki Motor Co., Ltd.	1	1,662
Suzuki Motor Corp.	2	5,514
Toyo Kogyo Company, Ltd.	2	160,796
Volkswagen of America, Inc.	5	189,888
Volvo of America Corp.	1	7,390
Yamaha International Corp.	2	13,062
TOTALS	34	621,803

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1985 THROUGH DECEMBER 31, 1985

Reporting Manufacturers	Number of Recall Campaigns	Number of Units
DOMESTIC EQUIPMENT		
Atwood Mbl. Products Division.	2	189,206
Carlisle Tire & Rubber Co.	1	535
Century Products Co.	1	295,814
Cng. Cycle Corp.	1	12,000
Concentric Controls, Ltd.	1	15,000
Cummins Engine Co.	1	219,000
Environmental Equip Corp.	1	2,062
Firestone Steel Prod. Co.	2	414
GM Products Division GM Corp.	1	190
Hayden-Utex	1	389
J.C. Whitney Co.	1	11,889
Marmon Industries Inc.	1	3,000
Midland Brake, Inc.	1	39,000
Mor-Ryde	1	4,491
NMB Corp.	1	24,240
Rockwell International	1	28,845
STP Corporation	1	1,209,852
TOTALS	19	2,055,927

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1985 THROUGH DECEMBER 31, 1985

Reporting Manufacturers	Number of Recall Campaigns	Number of Units
FOREIGN EQUIPMENT		
Howald Racing Ent., Inc.	1	500
TOTAL	1	500

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1985 THROUGH DECEMBER 31, 1985

Reporting Manufacturers	Number of Recall Campaigns	Number of Tires
DOMESTIC TIRE		
Uniroyal Tire Co.	1	1,450
TOTAL	1	1,450

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1986 THROUGH DECEMBER 31, 1986

Reporting Manufacturers	Number of Recall Campaigns	Number of Vehicles
DOMESTIC VEHICLES		
Automatic Equip. Mfg. Co.	1	875
Chrysler Corporation	2	15,000
Eldorado Motor Corp.	1	38
Ford Motor Company	1	38,947
Freightliner Corporation	2	25,226
General Motors Corp.	2	140,590
International Harvester	1	120,292
Mack Trucks, Incorporated	4	45,244
Oshkosh Truck Corporation	1	107
Paccar, Incorporated	2	5,090
Streamline Mfg., Inc.	1	11
Thomas Built Buses, Inc.	1	468
Utility Trailer Mfg. Co.	1	4,400
Western Capital Co.	1	77
TOTALS	21	396,365

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1986 THROUGH DECEMBER 31, 1986

Reporting Manufacturers	Number of Recall Campaigns	Number of Vehicles
FOREIGN VEHICLES		
Hino Motors (USA), Inc.	1	108
Nissan Diesel America, Inc.	1	196
Peugeot, Incorporated	1	200
Western Star Trucks Inc.	1	5
TOTALS	4	509

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1986 THROUGH DECEMBER 31, 1986

Reporting Manufacturers	Number of Recall Campaigns	Number of Units
DOMESTIC EQUIPMENT		
Cummins Engine Co.	1	15
E R Buske Mfg. Co., Inc.	1	200
Tredit Tire/Wheel Co., Inc.	1	2,775
TOTALS	3	2,990

SUMMARY TABULATIONS
MOTOR VEHICLE SAFETY DEFECT RECALL CAMPAIGNS
JANUARY 1, 1986 THROUGH DECEMBER 31, 1986

Reporting Manufacturers	Number of Recall Campaigns	Number of Tires
DOMESTIC TIRES		
Firestone Tire & Rubber Company	2	1,300
TOTAL	2	1,300

ODI INFLUENCED RECALL CAMPAIGNS
CALENDAR YEAR 1985
VEHICLES

MANUFACTURER	NHTSA CAMPAIGN NUMBER	MODEL YEARS	NUMBER OF VEHICLES RECALLED
Alfa Leisure, Inc.			
Travel Trailer	85V117	1980-1985	820
American Honda Motor Co.			
XL600	85V120	1983	8,178
Bayerische Motoren Werke			
318	85V058	1984	11,000
Chrysler Corporation			
Voyager	85V053	1984-1985	264,000
Caravan		1984-1985	
Mini Ram Van		1984-1985	
Coleman Co., Inc.			
Tara	85V100	1985	1,168
Collins Ind., Inc.			
All	85V144	1985	31
All	85V096	1984	268
Executive Ind., Inc.			
All	85V038	1984-1985	655
Diplomat		1984-1985	
Ford Motor Company			
Escort	85V067	1982-1983	515,000
Lynx		1982-1983	
Gardner Pacific Corp.			
Sunrader	85V129	1983	452
General Motors Corp.			
Century	85V034	1984	121,095
SkylarK			
Celebrity			
Citation			
Ciera			
Omega			
6000			
Phoenix			

ODI INFLUENCED RECALL CAMPAIGNS
CALENDAR YEAR 1985
VEHICLES

MANUFACTURER	NHTSA CAMPAIGN NUMBER	MODEL YEARS	NUMBER OF VEHICLES RECALLED
Malibu	85V048	1978-1980	1,810,000
Monte Carlo		1978-1980	
S10		1982	
Century		1978	
Grand Am		1978	
Century		1980	
Regal		1978	
Caballero		1978	
Regal		1980	
Cutlass		1978-1980	
Lemans		1978-1980	
Grand Prix		1978-1980	
S15		1982	
El Camino		1978-1980	
Caballero		1979	
Camaro	85V169	1983-1985	738,485
Firebird		1983-1985	
Great Dane Trailers, Inc.			
GP42	85V083	1979	168
Huntsman, Inc.			
All	85V069	1982-1984	35
Jaguar Rover Triumph Inc.			
MGB	85V059	1977-1980	150,000
TR7		1977-1981	
TR8		1977-1981	
Kawasaki Motors Corp.			
ZX600	85V125	1985	650
Neoplan USA Corp.			
All	85V033	1981-1985	2,000
All	85V032	1981-1984	1,800
All	85V063	1981-1985	2,000
All	85V064	1981-1985	2,000

ODI INFLUENCED RECALL CAMPAIGNS
CALENDAR YEAR 1985
VEHICLES

MANUFACTURER	NHTSA CAMPAIGN NUMBER	MODEL YEARS	NUMBER OF VEHICLES RECALLED
All	85V165	1984-1985	54
Perris Valley Campers			
All	85V027	1983-1984	12
R.B.R. Corporation			
All	85V101	1982-1984	12
All	85V111	1979-1981	148
Ranger Industries Inc.			
All	85V089	1982-1984	35
Ravens Manufacturing Co.			
All	85V121	1984-1985	67
Sunrader, Inc.			
All	85V126	1982-1983	8
Toyo Kogyo Company, Ltd.			
RX7	85V108	1979-1983	136,526
GLC		1979-1983	
626		1979-1982	
GLC	85V136	1982	24,270
Trailmobile Inc.			
014A	85V03000	1979-1980	568
011N		1979-1980	

ODI INFLUENCED RECALL CAMPAIGNS
CALENDAR YEAR 1985
EQUIPMENT

MANUFACTURER	NHTSA CAMPAIGN NUMBER	ITEM NAMES	NUMBER OF UNITS RECALLED
Century Products Co.	85E019	Child Seat	295,814
Environmental Equip Corp.	85E033	Wheel Chair Lift	2,062
Howald Racing Ent., Inc.	85E028	Wheel, Custom	500

ODI INFLUENCED RECALL CAMPAIGNS
JANUARY 1986 - FEBRUARY 1986
EQUIPMENT

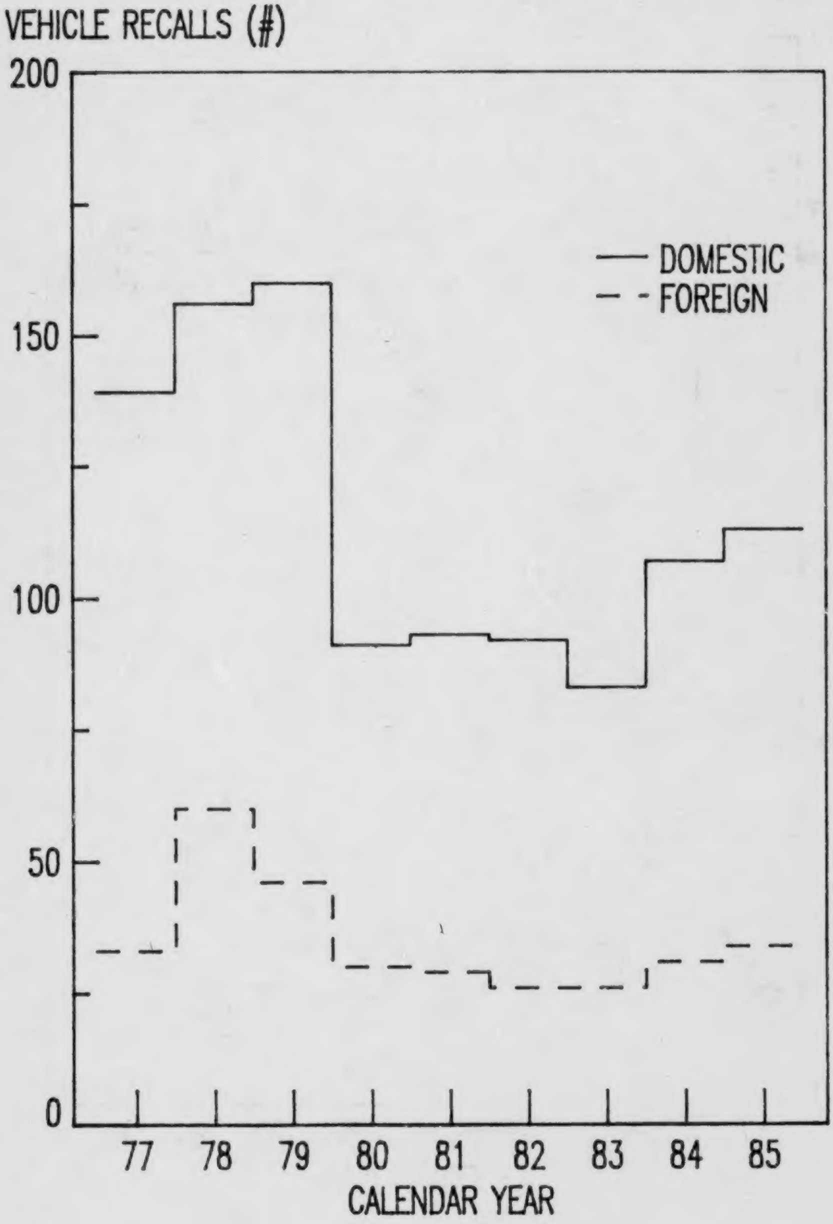
MANUFACTURER	NHTSA CAMPAIGN NUMBER	ITEM NAME	NUMBER OF UNITS RECALLED
Tredit/Tire/Wheel Co., Inc.	86E001	Wheel	2,775

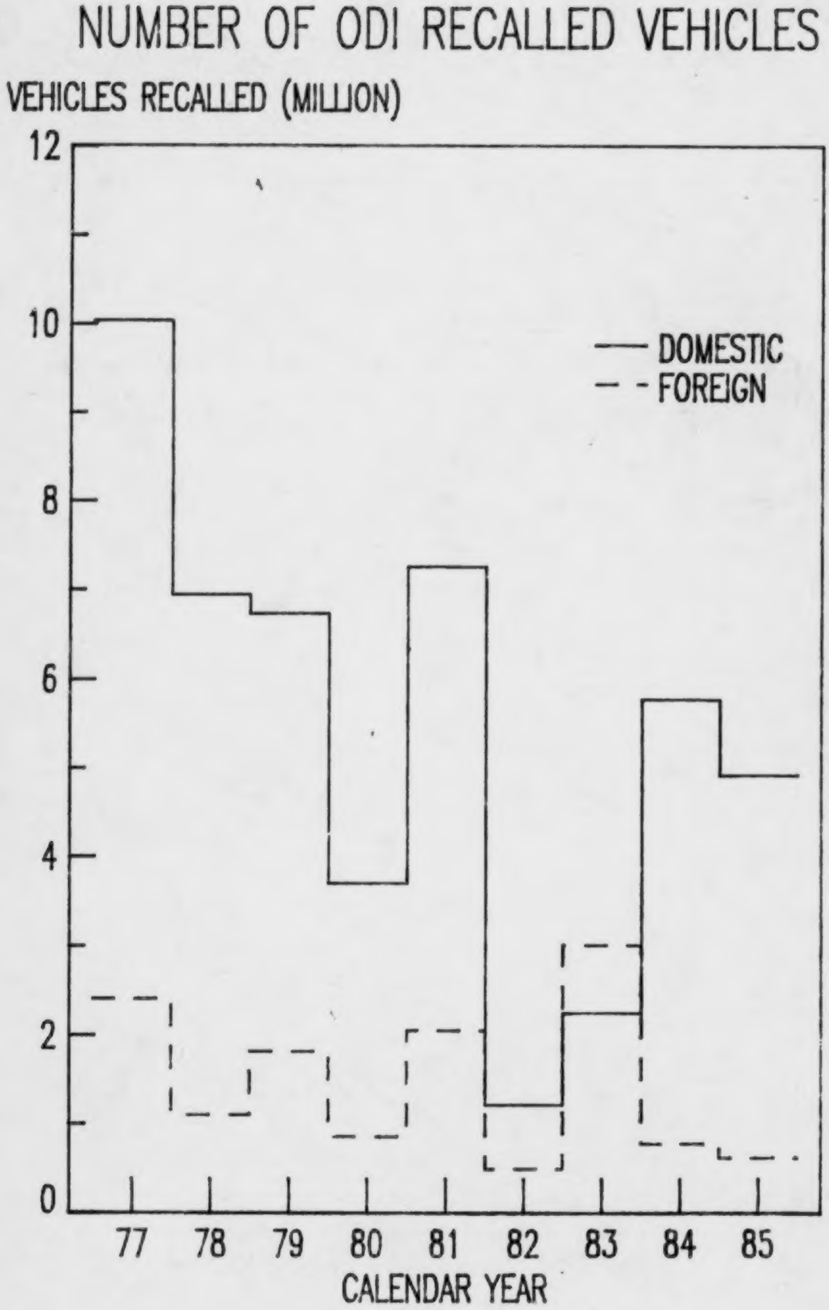
DEFECT RECALL DATA

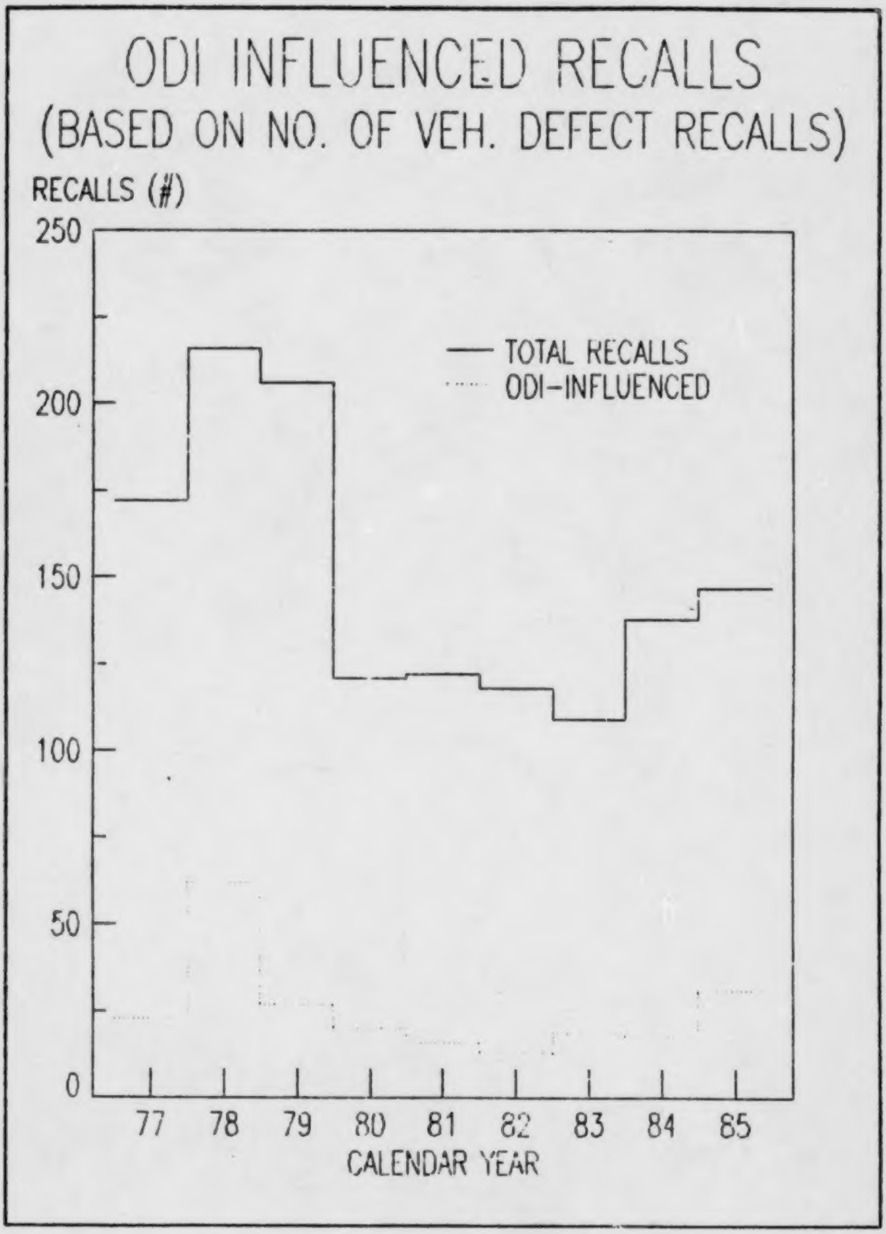
Mr. **Lehman**. Please also update for the record the defect/recall graphs shown on pages 554 through 558 of last year's hearing record.

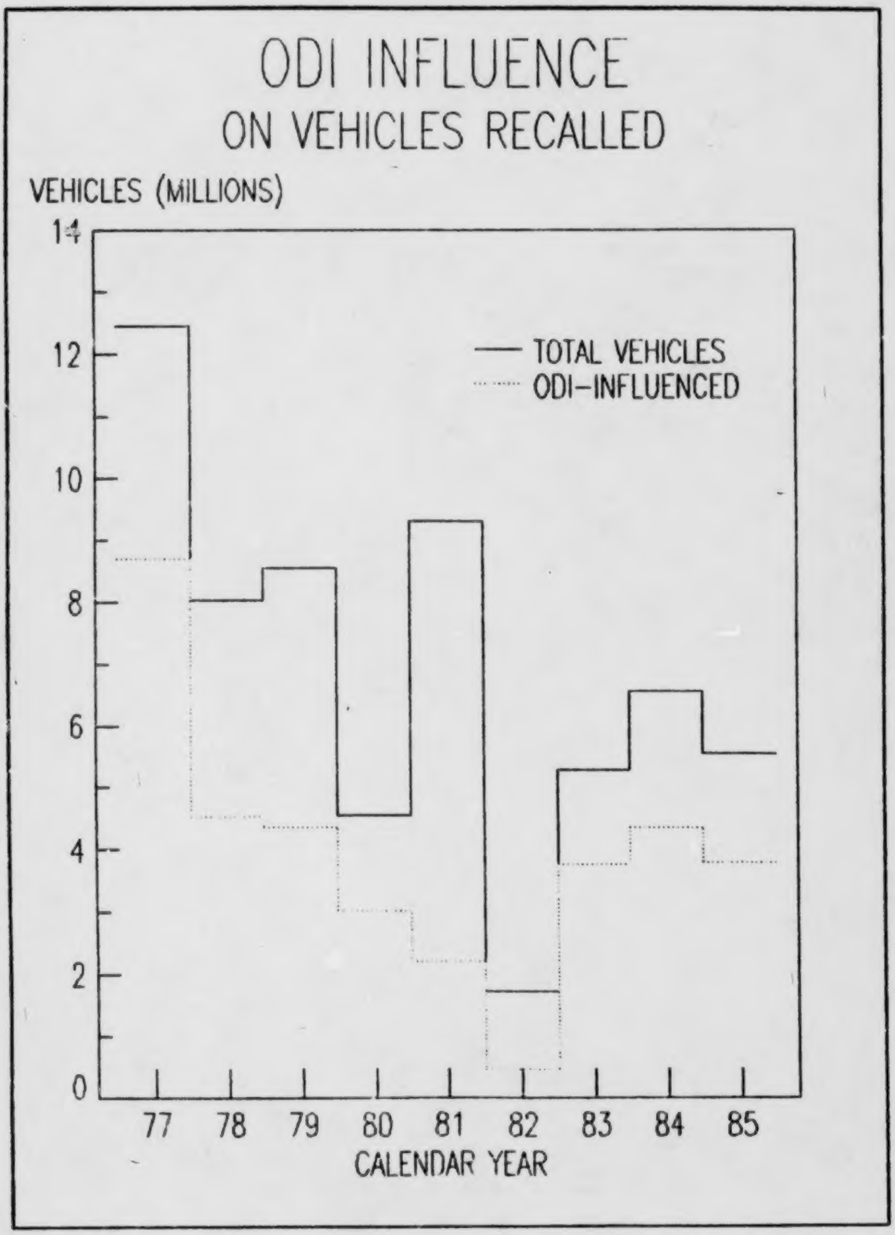
[The information follows:]

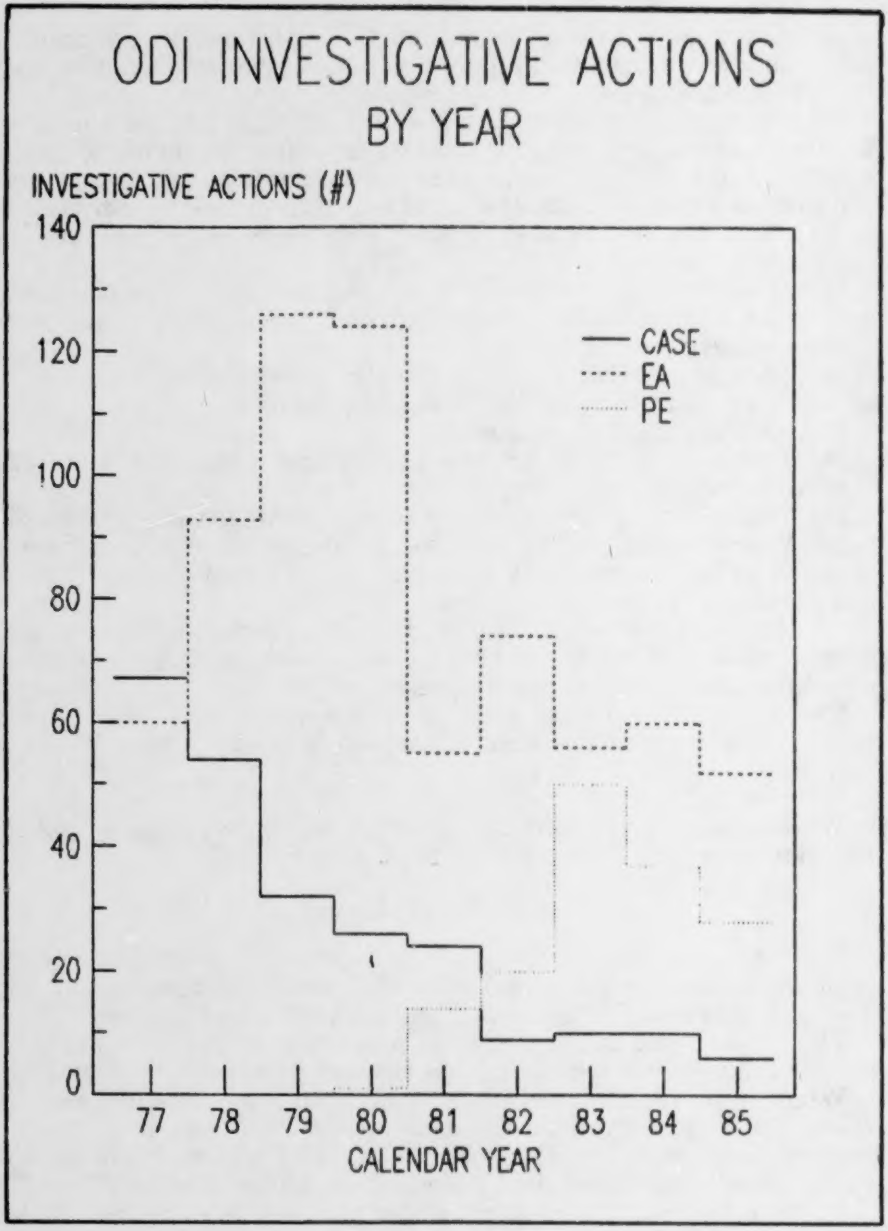
ODI VEHICLE RECALL CAMPAIGNS




NUMBER OF ODI RECALLED VEHICLES
VEHICLES RECALLED (MILLION)
12
10
8
6
4
2
0
DOMESTIC
FOREIGN
77
78
79
80
81
82
83
84
85
CALENDAR YEAR


ODI INFLUENCED RECALLS
(BASED ON NO. OF VEH. DEFECT RECALLS)
RECALLS (#)
250
200
150
100
50
0
TOTAL RECALLS
ODI-INFLUENCED
77
78
79
80
81
82
83
84
85
CALENDAR YEAR


ODI INFLUENCE
ON VEHICLES RECALLED
VEHICLES (MILLIONS)
14
12
10
8
6
4
2
0
TOTAL VEHICLES
ODI-INFLUENCED
77
78
79
80
81
82
83
84
85
CALENDAR YEAR



ODI INVESTIGATIVE ACTIONS
BY YEAR

MANUFACTURERS' SAFETY PRIORITY

Mr. **Lehman**. Where do you think "safety" now rates among the auto makers' priorities compared to other priorities such as "styling" or "engine power"?

Ms. **Steed**. It's not first. But I would say that I think the manufacturers are taking greater interest in safety in terms of "safety sells." I think that old myth that safety doesn't sell, is now gone. We get, as I've said before, a number, of inquiries on our hotlines as to which car is safe, and requests for crash test reports on various automobiles.

We've seen in the last two or three years a number of the companies make very conscious decisions to advertise safety items, to advertise quality, and so forth.

So I think you are seeing a greater attention to safety and I think safety is coming up in the list of priorities.

I think the old adage is gone.

Mr. **Lehman**. If you watch the TV commercials, you kind of get a little different picture.

Ms. **Steed**. But you are seeing safety commercials, for the first time. We're seeing airbag crashes, we're seeing anti-lock braking systems from a number of the manufacturers, and that's a first.

Yes, you are seeing others, too.

Mr. **Lehman**. Maneuverability at high speeds, and acceleration.

Ms. **Steed**. But for the first time we are seeing some safety commercials, and I think that's progress.

Mr. **Lehman**. Do you ever have meetings with the network people to talk about the kind of responsibility they have in car advertising?

Ms. **Steed**. No.

Mr. **Lehman**. You ought to do that sometime, you know, just to—I'm not sure you'll get much of a response.

CAFE AMENDMENTS

Mr. **Lehman**. On January 17, you proposed reducing the fuel economy standards for model year 1987 and 1988 passenger cars at a level somewhere between 26.0 and 27.5 miles per gallon.

The major reasons cited in your press release are "Possible automobile industry job losses and restrictions on consumer choice".

What auto makers would be penalized by retaining the 27.5 miles per gallon standard for model year 1987, and how much do you estimate such penalties would be, and which manufacturers would most likely meet the 27.5 miles per gallon standard?

Ms. **Steed**. That's the subject of our current rulemaking. And for model year 1987, neither GM nor Ford projected they could achieve the 27.5. I think GM told us they felt they would be at 26.4 and Ford gave us a range of between 26 and I think 27.3.

So they do not expect to meet the 27.5. There are a number of foreign manufacturers that will also be in that position, BMW, Jaguar, Mercedes-Benz, Peugeot, Saab, among others.

Mr. **Lehman**. How about Rolls?

Ms. **Steed**. They are a low volume manufacturer, and they actually have a different fuel economy standard to meet.

CAFE PENALTIES

Mr. **Lehman**. What's the range of penalties that you're looking at?

Ms. **Steed**. I don't believe we can calculate that now because we don't know what carry-forward and carry-back credits will be. So at this point we're unable to do that.

CAFE PROJECTIONS FOR MY 1987

Mr. **Lehman**. Please provide for the record a detailed breakdown of your projections of the CAFE level each manufacturer will achieve for model year 1987 and also provide an estimation of the penalty assessments that would be made against those manufacturers that would not meet the 27.5 mpg standard.

[The information follows:]

In NHTSA's January 22, 1986 notice of proposed rulemaking (NPRM) regarding model years 1987-88 passenger automobile fuel economy standards, the agency noted that GM projected its 1987 CAFE to be 26.6 mpg. In February 1986, GM lowered this projection to 26.4 mpg. In the NPRM, the agency also cited Ford's 1987 projection of 26.0-27.3 mpg and Chrysler's projection of 28.8 mpg. In comments filed with the agency in response to the NPRM, Volvo has projected a 1987 CAFE of 26.3 mpg. In comments filed with the agency in response to NHTSA's NPRM on 1988-89 light truck fuel economy. American Motors projected a 1987 passenger car CAFE of 34.5-35.7 mpg. These are the most current projections available to NHTSA. The agency anticipates that a number of other companies will not achieve 27.5 mpg in model year 1987. These include BMW, Peugeot, Saab, Mercedes-Benz, Jaguar, and Porsche. The agency has not yet made its own projections for each company for model year 1987 CAFE levels. Projections of industry capability will be made as part of the current rulemakings for a possible amendment of the 1987 passenger car fuel economy standard.

The agency is unable to make assessments of possible civil penalties for noncompliance with the present 1987 standard of 27.5 mpg. It should be noted that some manufacturers have stated that they would consider significant product restrictions, including restrictions of larger cars and engines, as a means of improving their CAFE beyond their current projections in order to avoid noncompliance with CAFE standards. If they did this, they might be able to avoid CAFE penalties in the absence of a change in the 27.5 mpg standard, although such actions could result in significant adverse economic impacts. The agency is currently evaluating these types of issues in the current rulemaking.

CAFE "FAIRNESS" ISSUE

Mr. **Lehman**. Do you think lowering the CAFE standard is fair to those auto makers that have made the investments and have shown the corporate leadership to meet the higher standard?

Ms. **Steed**. Fairness is a relative question, and I suspect that you're talking about Chrysler, because they claim it is unfair.

Chrysler, as a matter of fact, doesn't have the same problems that GM and Ford have, in that they don't produce the full line of cars, the larger cars. They don't sell larger vehicles. Therefore, the public can't purchase them, and Chrysler isn't "penalized" by the current demand for larger cars.

So I'm not sure that fairness is really at issue here.

Mr. **Lehman**. It depends on whose ox is gored.

Ms. **Steed**. True.

TECHNOLOGICAL FEASIBILITY OF IMPROVING FUEL ECONOMY

Mr. LEHMAN. One of the criteria you are required to judge CAFE revisions against is "technological feasibility." In proposing a lower CAFE standard, do you assume that technological advances in the area of improving fuel economy have been pretty much exhausted?

Mr. FELRICE. Well, according to the statute, Mr. Chairman, we have to look at four criteria; technological feasibility is one of them. And in that area, we'll look very carefully at what engine improvements, what weight reductions, what transmission improvements are in the manufacturers and how many more of those improvements can be put into the fleet in the future.

So, does every car have all the technological improvements that are feasible? No. But the statute also requires us to look at the economic practicability of making those improvements, as well as the effect of other Federal standards on fuel economy and the need of the nation to conserve energy.

So we have to balance all four of the criteria. We cannot just look at one criterion in isolation.

CAFE EFFECT ON ENERGY CONSERVATION

Mr. LEHMAN. Another criterion against which you judge proposed CAFE revisions is the need of the nation to conserve energy. Why has the need to conserve energy lessened in your view, especially over the mid- to long-term?

Ms. STEED. We still have to look at the need of the nation to conserve energy, and we have to look at our dependence on foreign oil, oil prices, and the whole range of things that go into looking at fuel conservation. We do that, as a part of each individual CAFE action.

We consult with the Department of Energy, get their projections and take them into consideration. So we have not forgotten about it.

ECONOMIC EFFECT OF CAFE STANDARD

Mr. LEHMAN. How many American jobs do you expect would be lost if the CAFE standard were retained at 27.5 mpg for model year 1987?

Ms. STEED. I don't think I remember the specific number.

Mr. FELRICE. It was in the tens of thousands.

Mr. LEHMAN. Please give it to us for the record.

Ms. STEED. Fine.

[The information follows:]

NHTSA has not determined the potential magnitude of U.S. employment losses, if any, associated with maintaining the current MY 1987 standard. The agency's NPRM for model year 1987-88 proposed that the standard for each of these years be set somewhere between 26.0 and 27.5 mpg. Although NHTSA believes the maximum feasible fuel economy standard for 1987 is likely to be below 27.5 mpg, a final determination on this issue has not been made. In the NPRM, the agency indicated it was seeking comment on a number of issues, including the economic impact of compliance with the existing standard. This would include the employment implications of maintaining that standard. The comment period on the 1987-88 NPRM closed on March 24, 1986. We are now in the process of analyzing the comments.

BROOKINGS INSTITUTION STUDY OF FUEL ECONOMY

Mr. **Lehman**. The Brookings Institution recently released a study concluding that the costs of your fuel economy standard have far outweighed the benefits. Do you agree with their conclusion—have the fuel economy standards not been cost beneficial in your view? If so, should they be rescinded?

Ms. **Steed**. I believe Mr. Carr asked that question earlier, and I have not yet looked at the Brookings study specifically. We would be happy to do so, and I think he asked us to supply our views to the committee.

Again, I would say that I'm not sure that the fact that we've had fuel economy standards has been the reason that we've seen fuel economy of vehicles increase. I think it's been in large part, market demand.

Mr. **Lehman**. But you looked at the CAFE standards and what the cost effectiveness of that would be when you amended your rule last year. Please give us your views for the record.

[The information follows:]

The Brookings Institution study Regulating the Automobile concluded that the automobile producers' increase in fuel economy since the Energy Policy and Conservation Act was enacted is about what one should have expected given the rise of gasoline prices since 1973, and that, therefore, fuel economy standards appear to have provided little but nuisance value until recently. The study also concluded that as gasoline prices have fallen in real terms during recent years, the standards tend to create market distortions such as an increase in the price of large cars that have less fuel efficiency and a decrease or even a subsidy in the price of small cars.

We agree that market forces have played a major role in improved fuel economy since 1975, but believe it is very difficult to separate out the precise roles played by market forces and fuel economy standards. We also recognize that almost any government regulation of the marketplace will create some market distortions.

In setting fuel economy standards at the maximum feasible average fuel economy level, NHTSA is required to consider four factors: technological feasibility, economic practicability, the effect of other Federal motor vehicle standards on fuel economy, and the need of the nation to conserve energy. While the agency has concluded that the statutory criteria do not necessarily require fuel economy standards to be cost-beneficial, it has also determined that it is appropriate to consider costs and benefits.

Rescission of the fuel economy standards would require legislative action to repeal or amend the fuel economy statute. We have no plans at this time to seek such a legislative change, nor are we aware of any active Congressional consideration of legislation that would rescind the fuel economy standards.

CAFE RULEMAKING TIMETABLE

When do you expect to issue a final decision on the CAFE revisions?

Ms. **Steed**. For passenger cars, the docket on '87–'88 closes March 24th. So it's later this month—next weekend. We would hope to have a decision by sometime this summer.

CAFE PROJECTIONS FOR MODEL YEAR 1986 CARS

Mr. **Lehman**. What manufacturers do you project will fail to meet your amended 1986 standards, and do you find that more and more manufacturers are failing to meet these standards?

Mr. **Felrice**. Well, for model year 1986 we don't have final numbers from the manufacturers yet. At this point it appears that several European manufacturers will fail to meet the 1986 standard—that's the modified standard of 26 miles per gallon.

But prior to this year, we have found more and more companies failing to meet the standards. There were no companies until 1981. There were eight that failed to meet the level of the 1984 standard, and there were 11 that it looks like will fail to meet the level of the 1985 standard.

Since we've amended the 1986 standard, there will probably be just the European manufacturers that Ms. Steed mentioned before.

AUTO MAKERS BELOW CAFE STANDARDS

Mr. LEHMAN. Please update for the record the summary of auto fuel economy performance found on page 447 of last year's hearing record. Please also show the actual fines levied against each manufacturer as appropriate.

[The information follows:]

SUMMARY OF AUTOMOBILE FUEL ECONOMY PERFORMANCE [1]

Model year	CAFE standard (mpg)	Average CAFE [2] (mpg)	Manufacturers below standard	Actual CAFE (mpg)
1978	18.0	19.9	None	
1979	19.0	20.3	None	
1980	20.0	24.3	None	
1981	22.0	25.9	Jaguar	19.0
1982	24.0	26.6	do	19.0
1983	26.0	26.4	Alfa-Romeo	25.8
			Ford	24.3
			GM	24.0
			Jaguar	[3] 19.2
			Peugeot	25.6
1984	27.0	26.9	Alfa-Romeo	26.6
			Ford	25.8
			GM	24.9
			Jaguar	[3] 19.4
			Mercedes-Benz	26.2
			Peugeot	25.0
			Saab	26.0
1985 [4]	27.5	27.3	Alfa-Romeo	27.1
			BMW	25.8
			Ford (domestic)	26.3
			Ford (imported)	24.9
			GM	25.5
			Jaguar	19.3
			Mercedes-Benz	23.0
			Peugeot	24.7
			Porsche	25.5
			Saab	25.8
			Volvo	26.5
1986 [4]	26.0	27.7	BMW	25.2
			Ford (imported)	24.0
			Jaguar	19.1
			Mercedes-Benz	21.7
			Peugeot	24.6
			Porsche	25.1

[1] Excludes low-volume manufacturers.

[2] Mpg calculated per 40 CFR part 600, 50 FR 27172.

[3] Combined model year 1983 and 1984 civil penalty collected from Jaguar Cars Inc., $6,015,990.

[4] 1985 and 1986 values are manufacturers' estimates.

TRUCK MAKERS BELOW CAFE STANDARDS

Mr. LEHMAN. Please also update the light truck fuel economy performance data found on page 448 of last year's hearing record. Please also show the actual fines levied against each manufacturer as appropriate.

[The information follows:]

SUMMARY OF LIGHT TRUCK FUEL ECONOMY PERFORMANCE

Model year	CAFE standard (mpg)			Average CAFE (mpg)	Manufacturers below standard	Actual CAFE (mpg)
	Composite	2WD	4WD			
1979	17.2	17.2	15.8	18.2	None	
1980		16.0	14.0	18.5	None	
1981		16.7	15.0	20.1	None	
1982	17.5	18.0	16.0	20.5	Ford	17.1 (composite)
1983	19.0	19.5	17.5	20.7	Chrysler	17.6 (composite)
					Ford	17.2 (4WD)
1984	20.0	20.3	18.5	20.6	AMG LTV	18.4 (composite)
					Chrysler	18.4 (composite)
					Ford	19.0 (2WD)
					Ford	18.4 (4WD)
					GM	19.9 (2WD)
1985 [1]	19.5	19.7	18.9	20.6	Chrysler	19.0 (composite)
					Ford	19.6 (2WD)
					Ford	18.7 (4WD)
1986 [1]	20.0	20.5	19.5	21.3	Chrysler	19.6 (composite)
					GM	19.9 (2WD)
					GM	18.7 (4WD)
					VW	19.2 (2WD)

[1] 1985 and 1986 values are manufacturers' estimates.

Note.—No civil penalties levied to date.

METHANOL FUEL SAFETY PROBLEMS

Mr. LEHMAN. Many consider methanol to be the fuel of the future to replace gasoline. I believe some auto makers believe methanol could be in widespread use in as few as five years.

This fuel is reported to be excessively corrosive on certain engines and fuel systems. Do methanol-powered cars present any safety problems to you that will have to be overcome?

[The information follows:]

Methanol, along with ethanol, can have long term detrimental effects on current fuel systems, especially non-metallic items such as hoses and valve components.

A safety problem may exist if the methanol softens or otherwise attacks hoses and/or connectors which might lead to fuel leakage. The fuel system would have to be designed to prevent such an occurrence. This could be feasible in the future and we understand that several manufacturers may be working on this issue.

RAISING 55 MPH SPEED LIMIT

Mr. LEHMAN. Last year we discussed the National Academy of Sciences report on the 55 mph speed limit. Some of the study members urged that speed limits be raised on certain roads. Last year, you told us that you were studying the Academy's report and that you would come up with a position on raising the speed limit "shortly". What is your position on raising the speed limit on certain roads?

Ms. **Steed**. That question is before the Department. It is one of the knottiest safety problems that the Secretary and I and Mr. Barnhart must tackle at this point.

We have paid principal attention to looking at what the compliance criteria, or a new compliance formula might look like. Then we will have to address the question of retaining 55 or allowing it to change on certain roads. Again, we're very concerned from a safety standpoint. If we were to allow speeds to be raised on certain interstate roads, what effect would that have on safety? I'm not sure we have any empirical data that gives us an easy answer there.

The Secretary said, I think as recently as two weeks ago in Detroit, that she will be making a decision shortly.

55 MPH SPEED LIMIT COMPLIANCE

Mr. **Lehman**. Are we reaching the point where the 55 mile per hour limit is generally disregarded and its benefits nullified?

Ms. **Steed**. We're concerned because we're seeing more and more states in violation of the 55 mile per hour speed limit, and that is a problem.

Mr. **Lehman**. What states are in danger of losing some of their highway funds as a result of speed limit non-compliance? And when will a final decision on this be made?

Ms. **Steed**. We have three states that are going through administrative proceedings right now—Vermont, Maryland and Arizona.

Two of those three hearings have been held; and decisions on complaince should be made relatively shortly. The third case has yet to go to hearing.

Mr. **Lehman**. Please expand on your answer for the record citing pertinent statistics.

[The information follows:]

A detailed summary of 55 mph speed compliance data is attached. The summary includes a general comparison of speed compliance data for FY 1984 and FY 1985 which shows a continuation of the gradual increase in speed levels. It also furnishes a listing for individual States showing the FY 1985 certification data, the unadjusted speed data for traffic exceeding 55 mph, 60 mph, and 65 mph, as well as the 85th percentile speeds. A breakdown of speed information is presented by highway classification and the roadway mileage in each State subject to speed monitoring for FY 1985 is given.

It is of note that four States, Arizona, New Hampshire, Rhode Island, and Vermont, have submitted speed certification data reflecting that they are in noncompliance with the Federal statute. Arizona reported 56.4 percent, New Hampshire 50.4 percent, Rhode Island 54.0 percent, and Vermont 53.2 percent exceeding the 55 mph speed limit.

Speed compliance data for the State of Maryland is not included in the charts depicting national speed averages or in the listing of individual States. Maryland's certification is still under review by FHWA/NHTSA to determine if the State's adjustments to speed data are in conformance with procedures permitted by Federal law and regulations.

FY 1985 SPEED MONITORING DATA SUMMARIES

Tabulations are provided for some of the various data items which are included either in the certifications or in the annual speed summary.

Attachment (1)--The percent exceeding 55 mph, highway mileage subject to speed monitoring, and the number of citations for exceeding 55 mph for each State* as reported in the FY 1985 certifications.

Attachment (2)--The unadjusted percent exceeding 55 mph by State* by functional grouping.

Attachment (3-9)--Self-explanatory.

The following abbreviations are used in the column headings for attachments (2) through (9).

I--Interstate
OF&E--Other freeways and expressways
ART--Arterials, both principal and minor
COLL--Collectors

Speed data collection continues to be automated during FY 1985, with all speed data being collected by non-radar unattended recording equipment.

In addition to the attached tabulations, the figures also describe speed data collection during FY 1985.

NATIONWIDE:

Total number of speeds recorded: 49,198,837

SPEED MONITORING LOCATIONS:

Total nationwide: 1,782
Range: 6.8 (Delaware) to 105 (California)
Average: 35 per State*

SPEED MONITORING SESSIONS:

Total Nationwide: 3,984
Range: 17 (Delaware) to 200 (Texas)
Average: 78 per State*

Comparing statewide* percent exceeding 55 mph figures for FY 1985 with FY 1984 shows the following:

FY 1985 vs FY 1984 Statewide percent exceeding 55 mph

49 States and Puerto Rico reporting*

33 increases - range: +0.2 to 12.9 percentage points
Average +3.8 points

16 decreases - range: -0.1 to 11.0 percentage points
Average: -7.3 points

The combined average change was +1.4 percentage points.

The trend in speeds for FY 1985 was up. Statewide average figures for all 6 speed statistics reported, increased in FY 1985 over FY 1984.

National Average Statewide Figures for:	FY 1984	FY 1985*	Change
UNADJUSTED PERCENT EXCEEDING 55 MPH	56.2	57.3	+1.1
AVERAGE SPEED (MPH)	55.9	56.1	+0.2
MEDIAN SPEED (MPH)	56.0	56.3	+0.3
85th PERCENTILE SPEED (MPH)	62.7	63.1	+0.4
PERCENT EXCEEDING 60 MPH	27.0	28.2	+1.2
PERCENT EXCEEDING 65 MLPH	9.2	10.0	+0.8
ADJUSTED PERCENT EXCEEDING 55 MP	42.0	43.2	+1.2

Focusing further on the percent exceeding 55 mph shows that the national average 55 mph noncompliance figure increased in all 6 functional categories monitored in FY 1985 from FY 1984.

National Average Percent Exceeding 55 MPH

Functional Grouping	FY 1984	FY 1985*	Change
Urban Interstate	63.3	64.1	+0.8
Urban other Freeways and Expressways	59.0	60.2	+1.2
Urban other Arterials	37.1	41.9	+4.8
Rural Interstate	75.3	75.6	+0.3
Rural other Arterials	49.5	50.3	+0.8
Rural Major Collectors	36.2	37.9	+1.7

A review of attachment #2 shows that in compiling a national average unadjusted percent exceeding 55 mph figure of 57.3, 43 States values greater than 50 percent, 21 States reported over 60 percent 2 States over 70 percent exceeding 55 mph.

During FY 1985, 8,449,085 citations were issued for exceeding 55 mph. This was approximately 5 percent or 431,981 more than in FY 1984. This represents the most citations issued for 55 mph violations since FY 1981.

The perceptions many people have of how fast other vehicles are traveling is often made under rural freeway driving conditions, i.e., on rural Interstate highways. Again reviewing Attachment #2, we find that in compiling a national average figure of 75.6 for rural Interstates, only two states (Connecticut at 47.7 and New Jersey at 44.0) were under 50 percent. Of the remaining 45 states included in this analysis* 9 were between 60 and 70 percent, 16 between 70 and 80 percent and 20 over 80 percent exceeding 55 mph on rural Interstate highways. It is important to note that the national average of 75.6 percent exceeding 55 mph on rural Interstate, includes a value of 43.1 percent for Puerto Rico. This represents mileage added to the Interstate system under 23 U.S.C. 139 (c). If the Puerto Rico value is excluded from the national average - which best reflects consistency with previous years data - the national average increases to 76.3 percent.

* All State of Maryland data is still under review, therefore no Maryland speed data are included in these comparisons.

TRUCKERS' COMPLIANCE WITH 55 MPH SPEED LIMIT

Mr. **Lehman**. Does your data show that truckers disregard the speed limit more than passenger cars? What is the average speed of cars versus trucks?

And by what differential?

Ms. **Steed**. I would like to supply that for the record, Mr. Chairman. I am not sure I have that with me today.

[The information follows:]

Currently, Federal regulations do not require States to collect or report speeds by vehicle type or class. Therefore, speed data are not available in sufficient quantities to make evaluations that would be reflective of national speed levels of trucks vs. cars.

55 MPH SPEED LIMIT COMPLIANCE RATES

Mr. **Lehman**. Please update for the record the average compliance rate data found on page 437 of last year's hearing record.

[The information follows:]

The average national 55 mph speed limit compliance rates for each year since the 55 mph speed limit was enacted are set forth below. It is important to note that data collection methods changed several times between 1975 and 1984. Therefore, caution should be exercised in comparing year to year data over the full ten year period. However, fully automatic data collection has been in effect since 1982 and comparisons of year to year data for any period after 1981 are much more accurate reflections of year to year trends.

Year	National average statewide percent exceeding 55 mph	Data collection method
1985	[1] 57	1982–85: Figures based on all vehicle speeds collected using non-attended, non-radar based, automatic equipment in a systematic sampling plan.
1984	56	
1983	54	
1982	53	
1981	48	1980–81: Figures based on random vehicle speeds collected using radar in a systematic sampling plan.
1980	49	
1979	54	1976–79: Figures based on isolated or free-flow vehicle speed collected using radar with States using similar sampling designs for locating selection.
1978	57	
1977	56	
1976	54	
1975	55	Figures based on isolated or free-flow vehicle speeds collected via radar. No consistent sample design between States for selecting locations.

[1] The State of Maryland data is still under review, therefore no Maryland speed data are included in these comparisons.

TRAUMA RESEARCH INTER-AGENCY AGREEMENT

Mr. **Lehman**. As you know, $10 million was provided in the fiscal year 1986 continuing resolution to implement the trauma research recommendations of the National Academy of Sciences. We expected you to contract with the Centers for Disease Control to set up a new Center for Injury Control.

What is the status of this program? How much has been obligated to date?

Ms. **Steed**. I'm tempted to say that the agreement is in the mail, Mr. Chairman, but you know how that goes.

In fact, the agreement is in the mail. We've worked on interagency agreement with CDC in Atlanta. It's my understanding that they agree with the draft that we sent to them and that they have signed the agreement and will be sending it back to us today or tomorrow.

Next week we hope to be publishing in the Federal Register an announcement of the program that will start eliciting the proposals for the various grants.

TRAUMA RESEARCH BENEFITS

Mr. **Lehman**. What benefits do you expect to be derived from concentrating trauma research at the Centers for Disease Control?

Ms. **Steed**. My concern was institutionalizing it somewhere. And as a matter of fact, as part of the agreement, I wanted them to specify what portion of their resources, people and dollars, they would be willing to put into it, and actually put into the agreement so we would see some institutionalization.

TRAUMA RESEARCH FUNDING PROJECTIONS

Mr. **Lehman**. I understand that OMB may be misinterpreting this Committee's intention about funding this new Center. Are you clear on our intent to honor a 3-year commitment at $10 million per year?

Ms. **Steed**. You'll have to ask OMB if they're clear or not. I understand what you want.

Mr. **Lehman**. Okay. Remind me to call OMB.

[Laughter.]

TECHNOLOGY IMPROVEMENTS IN HIGHWAY SAFETY

Mr. **Lehman**. Aside from passive restraints, what hardware improvements hold the most promise for reducing highway traffic injuries and deaths and how soon will we see them implemented?

Ms. **Steed**. We're looking at a couple of different areas that I think hold some promise for the future—side impact, and work on frontal structures, especially the steering column.

We finished the analytical phase of the steering column work, and we see some potential improvements in things like the shape of the steering wheel, the collapsibility of the column, and so forth.

I think side impact is an area where we can see some improvement.

Specific dates? That's pretty hard to predict but I can tell you that the research program is proceeding on target.

STEERING WHEEL ASSEMBLIES

Mr. **Lehman**. Steering wheel assemblies cause about 25 percent of the total harm to passenger car occupants in accidents.

You told us last year that research into steering wheel hardware improvements was a priority item.

How is this research progressing, what steering wheel improvements look promising, and when will you be in a position to consider rulemaking activity in this area?

Ms. **Steed**. Mike?

Mr. **Finkelstein**. We've been undergoing a paper exercise, an analytic exercise which we have completed. And we usually do something like this on any complicated project. We've been able to define the characteristics that we believe will work. We're now in the process of designing those steering wheels, steering assembly systems. We're going to be starting a test program relatively soon. We have a contract out now for bids. And hopefully we will be able to get results that are positive, and that means we'll prove that the theories that we've been examining in our computer models and our analytic exercises in fact bear out in real testing of hardware.

At that point, then we're in a position to do a more thorough estimate of what proportion of that 25 percent injury that occurs as a result of steering wheel, steering column contact can be reduced.

STEERING WHEEL ASSEMBLY RESEARCH PLANS

Mr. **Lehman**. You can expand on that for the record.

[The information follows:]

Driver/steering assembly impact is being addressed for both restrained and unrestrained occupants. An analytical evaluation of steering assembly improvements for the unrestrained driver has been completed. The analyses for the restrained driver will be completed this spring. Experimental hardware evaluation of improvements, for both restrained and unrestrained, will begin during 1986. Some recent, "state of art" safety wheels will also be evaluated for head/face impact into the steering wheel.

Steering wheel improvements which produced the lowest injury based on modeling include: softer rims to avoid abdomen penetration and head impact loadings; more efficient column energy absorber with lower force levels; larger area and thicker padding of the wheel hub to reduce blunt loading on the chest; moderate recess of the hub to reduce impact loading on the chest; other promising features include shallow column angles (nearer to horizontal) and additional energy absorption for the knee.

A rulemaking schedule will be dependent upon the experimental evaluation and the development of compliance test procedures scheduled for completion in 1987.

Questions Submitted for the Record by the Honorable Lawrence Coughlin

Mr. **Lehman**. Mr. Coughlin and Mr. Conte could not be here today, but they have some questions that we will submit for the record at this point.

SPLASH AND SPRAY PERFORMANCE TESTS

Mr. **Coughlin**. I understand that the standards being proposed for flaps will be based on performance results in a spray tunnel test which has been found by flap manufacturers to be inconsistent, subjective and not related to results of performance under real world conditions.

How does DOT intend to resolve this problem?

[The information follows:]

Our NPRM proposed to require that flaps achieve a certain performance level in a spray tunnel. Some flap manufacturers have alleged in their comments to the NPRM that the spray tunnel results are not repeatable and that those test results do not relate to the flaps' performance in actual use on the roads. In response to these comments, the agency has undertaken short-term research activities to improve the spray tunnels. We expect those research efforts to be completed by the end of this year, at which time we will be in a better position to judge how well the spray tunnel works to evaluate the performance capabilities of the different flaps.

SPLASH AND SPRAY SAFETY IMPROVEMENTS

Mr. Coughlin. I understand that recent tests conducted by the Texas Transportation Institute indicate that the difference in visibility improvement between the plain mud flap currently used on trucks and that which meets the proposed DOT standard is only 5.7 percentage points.

If the experts at DOT and in the private sector believe that it eye to perceive a difference in visibility improvement, how is the 5.7 percent improvement over current flaps going to improve safety? safety?

[The information follows:]

The 5.7 percentage point visibility improvement to which you refer was set forth in comments to our NPRM filed by a group of spray flap manufacturers, based on tests performed by the Texas Transportation Institute. However, we have not completed our analysis of the test data. Therefore, we are not now in a position to state whether the 5.7 percentage point improvement is an accurate reflection of what that testing showed. We should note, however, that the 5.7 percentage point figure is based on tests of only one vehicle configuration—a short-nose conventional tractor with van. Most of the other field test data in the docket measured the effectiveness of the spray suppression equipment on many different vehicle configurations.

However, we agree with the point implicit in your question that this rulemaking should not mandate spray suppression equipment on all trucks, if the benefits expected from installing that equipment are not reasonably related to the costs of installing that equipment. For this reason, we have submitted legislation to Congress that would require the Secretary, before issuing any regulation to require the installation of splash and spray suppression devices, to find that the benefits of increased safety from these devices will exceed the costs of installing and maintaining them.

SPLASH AND SPRAY COST/BENEFIT ANALYSIS

Mr. Coughlin. Some of the comments filed in the rulemaking claim that the proposed rules could cost between $837 million and $1.181 billion. Does DOT intend to require that the proposed rule meet a cost/benefit analysis?

[The information follows:]

NHTSA is carefully analyzing the costs and benefits that would be associated with its splash and spray rulemaking action. As you noted, some commenters have claimed that the total costs associated with the Department's rulemaking efforts addressing splash and spray suppression devices would be as high as 1.18 billion dollars. The Department's estimate of the total costs was $641 million, in 1982 dollars. We are concerned with imposing those costs on manufacturers, and carriers unless safety benefits clearly outweigh those costs.

The potential benefits associated with this rulemaking action are much more difficult to quantify. In its preliminary regulatory evaluation for the splash and spray proposal, NHTSA stated: "The data available on [the number of accidents, injuries, and fatalities that occur as a result of splash and spray] are either scarce or inadequate to make reliable estimates." Because of this, the agency could not make any reliable estimate of the benefits associated with this rulemaking.

NHTSA believes that regulations should be promulgated only when the expected benefits are reasonably related to the estimated costs. Because of this belief, we have submitted legislation to Congress that would require the Secretary, before issuing any regulation to require the installation of splash and spray suppression devices, to find that the benefits of increased safety from these devices will exceed the costs of installing and maintaining them.

55 MPH SPEED LIMIT ENFORCEMENT FUNDS

Mr. COUGHLIN. We in Congress have earmarked special funding levels for the 55 mph enforcement program and this has proven to be effective. Some highway safety professionals believe that using these funds to provide for concurrent enforcement of other safety laws such as drunk driving enforcement, would have beneficial results without diminishing the current 55 program.

I am interested in learning if NHTSA has given thought to expanding the use of these funds.

[The information follows:]

Many state officials have expressed concern to us about their ability to get the maximum use out of the funds presently earmarked for 55 mph enforcement. To some degree the states have found it possible to combine 55 mph enforcement with other enforcement activities. Colorado, for example, created its Accident Prevention Team as part of an enforcement effort aimed at all hazardous moving violations including the 55 mph speed limit. This effort succeeded in reducing fatal and injury accidents on the selected road segments by 16.5 per cent. However, other states have had difficulty in devising concurrent projects for their 55 mph enforcement funds. It is our view that a better solution would be to remove the earmarking of the 55 mph funds, thereby allowing the states the maximum flexibility in directing their enforcement resources to their most urgent problems. We have submitted legislation to that end as part of the Department's Surface Transportation Reauthorization Act of 1986 (H.R. 4144).

COMPREHENSIVE ALCOHOL DEMONSTRATION PROGRAM

Mr. COUGHLIN. Has your agency considered providing demonstration funding to support a comprehensive alcohol highway safety program effort in a major metropolitan area which has experienced a significant number of drunk driving accidents?

I am interested in seeing a program supported which would go beyond the apprehension of drunk drivers to include all aspects of the judicial and enforcement activities.

I believe that states have been able to use Federal funds to quite effectively address the needs for on-the-road enforcement of drunk driving laws.

[The information follows:]

The NHTSA suggests that a comprehensive community-based alcohol program should consist of the following:

1. *General deterrence approach* (short term).—conducting programs oriented toward deterring the majority of drunk drivers who are never arrested.
2. *Community focus.*—placing program emphasis and responsibility at the local level.
3. *Systems approach.*—integrating, then coordinating, enforcement, prosecution, adjudication, education/treatment, public information, education, driver licensing, and prevention and intervention functions at the local and State level as appropriate.
4. *Financial self-sufficiency.*—assessing fines, court costs, treatment tuition fees, etc., to convicted offenders in order to defray the costs of local/community programs.
5. *Citizen support.*—generating community/citizen support for comprehensive community programs (to provide a political base for increased countermeasure activity).
6. *Prevention/intervention* (long term).—changing societal attitudes toward drinking and driving through implementation of prevention/intervention programs.
7. *Occupant protection.*—implementing safety belt usage programs as the best defense against drunk drivers.

Past experience has shown that the success of local governmental systems depends to a large degree on having all components of the system work closely together.

In 1982, we selected 10 sites as "targets of opportunity" to promote the adoption of comprehensive alcohol traffic safety programs. The NHTSA has assisted the sites to strengthen their management/coordination of drunk driver programs, including law enforcement, public information, adjudication, license suspension and long term prevention/intervention efforts within the target community. In 1984, six additional communities were selected. Interim results indicate that in Nassau County, nighttime fatal accidents decreased 77 percent in the first program year and 15 percent in the second program year. Nighttime personal injuries decreased six percent in the first program year and ten percent in the second program year. In Baton Rouge, a Mayor-President's Task Force on Drunk Driving was created. City court conviction rate is 90 percent. From the fine and court cost of convicted DWI's, $105 is diverted to support the probation department and provide for the alcohol education program.

In Dade County, Florida, traffic related deaths have dropped from 383 in 1982, before the target program began, to 295 in 1985. While DWI arrests have increased and traffic deaths have decreased the comprehensive approach to the problem includes, in addition to enforcement, adjudication, prosecution, public information and education. In Wichita, Kansas, nighttime multiple vehicle fatalities were reduced 32.5 percent compared to the State as a whole.

The comprehensive programs demonstrated through the target of opportunity concept are being replicated in many communities across the nation which is most encouraging. For example, the Commonwealth of Pennsylvania is one of the leaders in promoting comprehensive alcohol programs. Beginning with FY 1985, the Commonwealth stopped funding solely enforcement and equipment projects. Instead, projects they now fund must be comprehensive programs involving detection, adjudication, training, treatment (education). Comprehensive programs are in operation in seven counties, including Chester, Delaware, Montgomery and Bucks County, with another 18 counties in the planning and implementation stage. In addition, as a condition of a Section 402 grant, a county must agree to implement a self-sufficient program when the grant expires. Therefore, NHTSA has not considered funding additional comprehensive alcohol highway safety demonstration projects. We do, however, encourage the implementation of comprehensive alcohol programs through Section 402 and 408 funds, and State resources. NHTSA along with the States are encouraging a comprehensive approach to alcohol highway safety programs.

ALCOHOL SAFETY INCENTIVE GRANT REEVALUATION

Mr. Coughlin. I understand that NHTSA is currently reevaluating the criteria for the qualification of alcohol incentive funding, Section 408. What do you envision the program requirements and available funding levels to be?

[The information follows:]

By Fiscal Year 1987, we anticipate that 30 States in all will have qualified. Accordingly, and in view of the fact Section 402 funding continues to be available to the States for alcohol programs, we are not contemplating changes in the criteria at this time.

The amounts authorized and obligated each year for the Alcohol Incentive Grant Program are:

	Millions
1983 authorization (available fiscal year 1983-86)	$25.0
1984 authorization (available fiscal year 1984-87)	50.0
1985 authorization (available fiscal year 1985-88)	50.0
Subtotal authorizations	125.0
1984 obligations	5.2
1985 obligations	6.3
1986 obligation limitations	[1] 27.6
1987 obligation limitations	17.9
Subtotal obligations	57.0

[1] Original limitation of $28.8 million reduced to $27.6 pursuant to Gramm-Rudman-Hollings amendment.

COORDINATED HIGHWAY SAFETY RESEARCH

Mr. COUGHLIN. In view of the current Strategic Highway Research Program (SHREP) activity involving FHWA, AASHTO, and other highway interests, is NHTSA considering a similar program activity?

If so, what subject areas and funding levels have been identified?

If not, do you consider a coordinated research effort unnecessary or unworkable for your agency and the highway safety community?

[The information follows:]

No, NHTSA is not considering a program activity similar to the Strategic Highway Research Program (SHREP). However, NHTSA does consider a coordinated research effort with the highway safety community of the utmost importance and is actively pursuing several means of encouraging dialogue with the research community.

HEAVY-DUTY TRUCK DRIVER TRAINING

Mr. COUGHLIN. Has NHTSA considered supporting a demonstration program which would provide training for persons who want to learn how to drive heavy trucks?

We in Congress have expressed concern about the qualifications of a portion of the current population of truck drivers and I am interested in hearing your reaction to the possibility of a demonstration training program.

[The information follows:]

While we have not considered a demonstration program for training novice truck drivers, steps have been taken in this area. We have developed a recommended truck licensing program for the states. In addition, the Federal Highway Administration has completed its recommended curriculum for truck driver training. We understand the recommended curriculum has been well received by training schools and the trucking industry.

Questions Submitted for the Record by the Honorable Silvio O. Conte

PASSIVE RESTRAINT RULE LITIGATION

Mr. CONTE. What is the status of the litigation involving the seat belt/airbag rulemaking, and when is a decision expected in that case?

[The information follows:]

The litigation concerning the validity of the Secretary's July 11, 1984 decision requiring phased-in installation of passive restraints in new passenger cars manufactured on or after September 1, 1989 unless states containing two-thirds of the Nation's population pass qualifying mandatory safety belt use laws is still pending. Oral argument was held last March, but one of the judges on the original panel died before the case was decided. The case was reargued on March 11, 1986, pursuant to a January 24, 1986, order from the Court that also requested all parties to file supplemental briefs addressing "the developments in the States" by February 28. Separate supplemental briefs were filed by petitioners State Farm et al., and New York State, as well as by the Department. At the Court's request, after the oral argument, DOT and State Farm filed letters discussing whether any additional regulatory proceedings must take place in order for the passive restraints portion of Federal Motor Vehicle Safety Standard No. 208 to be rescinded upon the enactment of qualifying mandatory seat belt use laws by states covering two-thirds of the population of the United States.We cannot predict when the case will be decided.

STATE SAFETY BELT LAW RULINGS

Mr. CONTE. At what point will the Secretary be making a determination with regard to whether individual state seat belt laws meet the criteria for triggering the "escape clause" under the airbag rule?

[The information follows:]

Earlier this year the Secretary had planned to give "informal advice" to the States regarding the provisions of their laws. This informal advice would not be a final determination or "ruling" about the status of the mandatory use law under the criteria for the purposes of "counting" it toward the goal of two-thirds of the population. Standard No. 208 provides for only one formal determination; that is in the event that the Secretary determined that two-thirds of the population were covered by mandatory usage laws satisfying the criteria. However, in view of the fact that the matter is back before the Court, we are not going to comment on the specific provisions of state laws.

GRAMM-RUDMAN IMPACT ON NHTSA PROGRAMS

Mr. Conte. What effect have the March 1st Gramm-Rudman cuts had on NHTSA operations?

[The information follows:]

NHTSA appropriations, like those of other domestic programs, were reduced by 4.3 percent in FY 1986.

The Operations and Research Appropriation was reduced from $89.351 to $85.746 million in FY 1986. The reduction of $3.605 million has been applied across-the-board to the amounts appropriated for each budget activity (Rulemaking, Enforcement, etc.) and to the components of each activity (salaries and expenses, operating expenses and the contract program).

In the case of administrative expenses, reductions have been made in travel, and other services and printing costs. No employee furloughs or reductions-in-force will be required to manage the reductions, although some reductions are being derived by managing the lapse rate such that our FTE use is less than originally budgeted. Under the contract program, the reductions were applied in such a way that funding was preserved for high priority programs such as Anti-Drunk Driving and Safety Belt Usage.

The Formula Grant (Section 402) Program was reduced from $126.5 to $121.1 million. The States have adjusted their plans accordingly.

The Alcohol Safety Incentive Grant Program was reduced from $28.8 to $27.6 million. The reduction will have little if any effect.

NAS REPORT ON TRAUMA RESEARCH

Mr. Conte. What has been done to implement the recommendations of the National Academy of Sciences report on trauma research?

[The information follows:]

The recommendation to establish a research center for trauma research within the Centers for Disease Control (CDC) is being implemented. An inter-agency agreement between NHTSA and CDC to transfer funds to initiate this trauma research was signed March 28, 1986.

FUEL ECONOMY RULEMAKING

Mr. Conte. What is the status of the current rulemaking on CAFE fuel economy standards?

When is a decision expected for the next two model years?

[The information follows:]

On January 22, 1986, NHTSA published a proposal in the Federal Register to revise the FY 1987-88 passenger automobile fuel economy standard from the current level of 27.5 mpg to a level between 26.0 mpg and 27.5 mpg. The comment period on the agency's proposal closed on March 24. At this point, we are analyzing the comments submitted. We expect to announce a decision this summer.

FUEL ECONOMY CONGRESSIONAL AMENDMENT

Mr. CONTE. Last year, the Department opposed the Evans amendment on fuel economy standards. Would you explain the basis for the Department's opposition?

[The information follows:]

The Evans amendment would have prevented an automobile manufacturer from earning "credits" for exceeding the fuel economy standard established by the Secretary of Transportation, unless the manufacturer's corporate average fuel economy exceeded 27.5 mpg.

The fuel economy law, as enacted in 1975, set 27.5 mpg as the goal for 1985, but gave the Secretary authority to adjust the fuel economy level by rulemaking. The Department exercised this authority in determining that 26.0 mpg is the "maximum feasible average fuel economy level" for model year 1986. The law also provides a system of "credits" which a manufacturer could earn for exceeding the standard in one year and apply to a shortfall in another year. The amendment would have prevented a manufacturer from earning credits for fuel economy levels between 26.0 and 27.5 mpg in model year 1986 or in any other model year in which the standard is below 27.5 mpg.

We opposed the amendment on several grounds. We first questioned whether the amendment comported with the Congressional intent, insofar as Congress had enacted and expanded the credit system to provide manufacturers with flexibility in complying with the fuel economy standards. Second, we questioned whether there was any support in the legislative history of the Act to provide different consequences for compliance with a standard at 27.5 mpg and compliance with a lower standard established by rulemaking. Third, we questioned whether the amendment would bring about any improvements in fuel economy. Finally, we questioned whether this would have a more severe effect on domestic manufacturers, while benefitting foreign manufacturers whose fleets are primarily smaller and more fuel-efficient.

In conclusion, it was the Department's view that this amendment would accomplish a major policy change in the fuel economy law and would severely alter the manufacturers' compliance strategies, without producing any fuel saving benefits for the Nation.

SOCIAL DRIVING RESPONSIBILITIES

Mr. CONTE. How do you respond to the libertarian argument on seat belts, that "the only one I'm endangering is myself", especially for people who consider themselves adequately covered by private insurance for potential medical and disability expenses?

[The information follows:]

We know that there are people who argue that safety belt use laws are an infringement on their individual freedom of choice. We also recognize that a safety belt use law requires an action that many people do not take voluntarily. However, all traffic laws involve some restraint on individual behavior. Most are accepted without a second thought: We drive on the right side of the road, obey speed limits and stop at red lights. In many cases, the failure of motorists to obey these laws will have an impact on other motorists as well as themselves. The same is true for failing to wear safety belts, because automobile accidents, have many "victims"—family, friends, employers and taxpayers—all of whom bear some measure of the human and economic cost. During the past decade, 470,000 persons have died on American highways. Each year an estimated 300,000 are injured seriously enough to require hospital treatment. These traffic injuries and deaths have resulted in an annual cost to society of 57 billion dollars resulting from such costs as emergency medical services, long-term medical care and rehabilitation, worker's compensation, welfare payments, and lost tax revenue.

We believe that the relatively small intrusion resulting from safety belt use laws is more than justified by the possibility of achieving substantial reductions in vehicle-related deaths and injuries, and to reduce the financial burden on the taxpayers.

55 MPH SPEED LIMIT CONTINUATION

Mr. CONTE. To what extent is NHTSA involved in the debate over the continuation of the 55 miles per hour speed limit? What is the Department's position on the speed limit?

[The information follows:]

The Department is reviewing the findings and recommendations of the NAS study. The first priority has been given to the need for an improved speed compliance measurement process to make the compliance criteria in the Federal law correspond more closely to the severity of speeding problems in the states and improve safety by encouraging State Highway Patrols to focus speed enforcement at high risk crash locations. The NAS recommendation to adopt a point system in which high-speed violations are weighted more heavily than incremental violations has been considered with various configurations. The requirement for a system that treats all States equitably, yet still provides for public safety, has made analysis of various proposals a complex task.

We are proceeding with our examination of these alternatives and hope to have our review completed in the near future.

EXPERIENCE WITH ENACTED STATE SAFETY BELT LAWS

Mr. CONTE. The general pattern of seat belt use seems to be an increase following enactment of a mandatory state seat belt law, followed by a drop-off over time.

What has been the experience in states that have enacted seat belt laws, and how does that compare with some of the international examples?

[The information follows:]

Currently, usage rates in States which have passed laws are 2-3 times the rate prior to the law. In some of the States, usage rates have dropped after initial increases which occurred when the laws went into effect. Most foreign nations have experienced decreases in usage rates following initial, post-law peaks. In nearly all such cases, these declines have been reversed by public information and (especially) highly visible enforcement efforts. We expect the same situation to occur in the United States.

GSA AIR BAG CARS

Mr. CONTE. It was recently reported that the contract was not renewed for the GSA fleet air bag installation. Has that question been resolved yet? What are the prospects for continued air bag installation, and what has been the experience with the GSA airbag-installed cars?

[The information follows:]

The GSA decided not to pursue its procurement of passive restraint equipped cars because of the lack of competition and cost considerations.

The GSA currently has tentative plans to specify that 10 percent of its 1987 fleet be equipped with passive restraints. A policy such as this would be in concert with Secretary Dole's 208 decision of July 1984.

The experience with the GSA air bag fleet has been very positive. There have been 35 deployments to date. The air bags deployed in cars where the crash protection was desirable, and there have been no failures to deploy when needed. In the crashes in which air bags deployed, the air bags and other restraint systems helped to assure that the injuries were relatively minor.

SOUTHWEST "SPEEDWAY"

Mr. LEHMAN. Before we adjourn, I have one more question. There's one place in Washington that really scares me when driving. That's the Southwest "Speedway", where you have the passenger stick their head out of the window so you can get over from the right to the left or the left to the right. Is there anything you can do about that?

Ms. **Steed**. Anything I can do about that? I doubt it.

Mr. **Lehman**. You've been on that, and you've seen the cars.

Ms. **Steed**. I've had one accident in Washington, and that's where it occurred.

Mr. **Lehman**. That figures.

Thank you for being with us today. We will continue at 10 tomorrow.

Friday, March 21, 1986.

PICKUP TRUCK FATALITIES

Mr. **Lehman**. The Subcommittee will come to order. We welcome back Administrator Steed.

Did I give you that copy of "The Wall Street Journal" story about pickup trucks?

Ms. **Steed**. No.

Mr. **Lehman**. Did you read it in yesterday's paper?

Ms. **Steed**. I have not seen it.

Mr. **Lehman**. That is next year's question.

Ms. **Steed**. We will work on it, Mr. Chairman.

Mr. **Lehman**. I just bought a pickup truck for my grandson and now I am worried. But you know what happens in pickups is, people ride in the bed, and I am sure you have some data on that, and you can maybe for the record give us something about that because I think we should be thinking in those terms. I do not know how many people get killed, especially on Indian reservations, riding in the beds of pickup trucks. Please give us some data for the record on fatalities of people riding in the back of pickups.

Ms. **Steed**. Fine.

[The information follows:]

The National Highway Traffic Safety Administration's Fatal Accident Reporting System (FARS) contains information on all traffic fatalities which occur on public roadways. The following information is from FARS:

Fatalities to individuals riding in a pickup truck bed

Year:	*Total*
1980	290
1981	247
1982	218
1983	240
1984	206

FARS does include fatalities on Indian reservations, however, these data may not reflect the total number due to incomplete reporting in special land use areas.

FATALITIES ON INDIAN RESERVATIONS

Year	Total occupant fatalities in pickup trucks	Fatalities to individuals riding in a pickup truck bed
1980	68	5
1981	81	5
1982	45	4
1983	47	4
1984	46	1

SIDE IMPACT RULEMAKING

Mr. LEHMAN. Last year we were told that you had completed research work in the side impact protection area, and that your rulemaking office was considering requiring more padding, improved structural strength of the side of the car, or some combination of both. Have you moved forward with amendments to the existing side impact standard?

If so, what is your timetable? If not, why not?

Ms. STEED. We have worked on side impact. In fact we have tested some additional cars this year. We have docketed the dummy seating procedure and we have completed our preliminary study of the striking vehicle effect.

The MVMA has also conducted a number of tests in the side impact area, and we are reviewing their results. We presented our research studies at the ESV conference last June.

We have done preliminary cost-benefit work and work on a rulemaking support paper. We are just about to announce a public meeting on this subject, where we will invite researchers and rulemaking experts from all over the world to come to a two, or possible three-day public discussion on this subject in the very near future.

Mr. LEHMAN. Why don't we go there?

Ms. STEED. Well, budget pressures you understand.

Mr. LEHMAN. I see.

Ms. STEED. So we are very pleased with the progress to date. Our focus in the coming months will be to harmonize this standard with the European efforts before a rule is put on the books.

They are also working very hard on this, and that is going to be a major focus of our work this coming year.

SIDE IMPACT RULEMAKING TIMETABLE

Mr. **Lehman**. And would you delineate your timetable, and other details, for the record on this.

Ms. **Steed**. I would be happy to.

[The information follows:]

A public meeting is currently scheduled for May 28–29, 1986, in which world-wide experts are expected to attend. We anticipate that this meeting will bring together all of the available up-to-date knowledge concerning side impact test methods and facilities needed, anthropomorphic devices to be used, associated injury criteria, results from preliminary benefit-cost studies, and aspects relating to international harmonization. We expect that shortly after a detailed analysis of all the pertinent information presented at the meeting, we will be in a position to establish the most appropriate path and detailed schedule.

REGULATORY ACTIONS SINCE 1980

Mr. **Lehman**. Please update for the record the listing of regulatory actions since 1980 found on pages 454 through 464 of last year's hearing record. Please make this an all-inclusive list.

[The information follows:]

The following answer utilizes a format similar to that provided last year and includes additional agency actions over the last year.

A. Rescinded Safety Regulations

Speedometers and Odometers - No. 127

Standard revoked based on agency's conclusion that such a standard is unlikely to yield significant safety benefits. Revocation to result in cost savings for manufacturers and consumers.	FR 2/18/82 47 FR 7250

Fields of Direct View - No. 128

Standard revoked based on information submitted in nine petitions for reconsideration. Agency determined the minor safety benefits are substantially outweighed by the costs.	FR 6/22/81 46 FR 32254

Automatic Restraint Requirements of Std. No. 208, Occupant Crash Protection

This rescission was overturned by Court decisions. The case was remanded to the agency for further review.	FR 10/29/81 49 FR 53419

B. Modified Safety Regulations

Controls and Displays - No. 101

Allow green as an alternative to blue for high beam headlamps indicator.	FR 1/21/82 47 FR 2996
Would amend the standard to include several symbols adopted by the International Standards Organization.	NPRM 11/4/82 47 FR 49993
	FR 7/27/84 49 FR 30191
Use of recognizable international symbols.	FR 06/04/85 50 FR 23426

Windshield Defrosting and Defogging Systems - No. 103

Amend some requirements for some areas.	FR 11/27/85 50 FR 48772

Hydraulic Brake Systems - No. 105

Extension of Std. 105 to trucks, buses and MPV's.	FR 1/2/81 46 FR 55

Change in Std. 105's parking brake gradient requirement for light trucks, buses, except school buses, and MPV's.	FR 12/21/81 46 FR 61887
Optional test procedure for trucks, buses other than school buses, and MPV's w/GVWR greater than 10,000 pounds.	FR 9/2/83 48 FR 39939

Brake Hoses - No. 106

Change test procedures relating to "whip test".	FR 10/28/82 47 FR 47838
Would permit labeling of metric-size brake hoses in metric units rather than inches.	NPRM 4/12/82 47 FR 15612
Labeled in metric sizes.	FR 02/01/85 50 FR 4688
Adhesion requirements for brakes	FR 01/07/86 51 FR 603

Lamps, Reflective Devices, and Assoc. Equip - 108

Single Center High-Mounted Stoplamps (CHMSL).	NPRM 1/8/81 46 FR 2132
	FR 10/18/83 48 FR 48235
Amend mounting specifications for CHMSL.	FR 5/17/84 49 FR 20818
Amend standard to allow early installation of CHMSL.	NPRM 5/17/84 49 FR 20879
	FR 8/31/84 49 FR 34488
Increase the maximum permissible candlepower for single compartment tailamps while extending requirements for contrast between stop (signaling) and tail (marking) functions at test points below the horizontal.	FR 12/20/79 44 FR 75385
Retain the requirement that stop lamp lenses on motor driven cycles be a minimum of 3-1/2 square inches.	FR 3/3/80 45 FR 13736

Allow an optional method of measuring side marker lamp light output for all vehicles less than 30 feet in overall length, regardless of width.	FR 7/3/80 45 FR 45287
Delete dimensional requirements for headlamp retaining rings.	FR 6/10/82 47 FR 25149
Increase the diameter of the circumscribing circle for the photometric test from 7 to 10 inches.	FR 11/18/82 47 FR 51883
Allow motor vehicles to be equipped with a new two-lamp rectangular sealed beam headlamp system.	FR 5/16/83 48 FR 21955
Allow an optional headlighting system that could improve the fuel economy of automobiles.	FR 6/2/83 48 FR 24690
Allow a new four-lamp rectangular sealed beam headlamp system.	FR 4/30/84 49 FR 18321
	FR 12/27/84 49 FR 50176
Propose harmonization with ECE.	NPRM 8/1/83 48 FR 34784
	FR 11/26/84 49 FR 46386
Amend corrosion test requirements and procedures applicable to semi-sealed replaceable bulb headlamps and lens/reflector components.	NPRM 9/30/83 48 FR 44866
	FR 11/13/84 49 FR 44899
	FR 12/4/84 49 FR 47396
Two bulb 4 bulb and F seal beam.	FR 05/22/85 50 FR 21052
Modulating headlamps.	FR 07/22/85 50 FR 29276
Alternate location of front identification lamps on MPV, trucks and buses.	FR 09/11/85 50 FR 36995
2nd notice - replaceable light bulb HB3 and HB4.	FR 01/07/86 51 FR 641
Modifications to type F headlamp systems: optional compliance.	FR 03/13/86 51 FR 9454

New Pneumatic Tires - Passenger Cars - No. 109

Deletion of Table 1 from Appendix A.	FR 12/17/81 46 FR 61473
Technical amendment to 42 FR 12869 - error in table I-D in appendix A.	FR 03/19/85 50 FR 10968

Rear View Mirrors - No. 111

Permit use of passenger side convex mirrors.	FR 9/2/82 47 FR 38698
	FR 8/26/83 48 FR 38842
Permit the use of non-uniform radius of curvature school bus mirrors to view the area immediately in front of the bus.	FR 9/6/83 48 FR 40260

Theft Protection - No. 114

Extend the performance requirements of standard No. 114 to light trucks and vans.	FR 12/29/80 45 FR 85450
1) exempts walk-in vans from requirements of standard; 2) exempts open-body type vehicles with readily removable or no doors from the key-in ignition warning requirement; 3) clarifies provision which requires manufacturer to have 1,000 different key combinations for each type vehicle; and 4) deletes provision designed to prevent driver from inadvertently locking the steering column when vehicle is in motion.	FR 6/22/81 46 FR 32251

Vehicle Identification Number - No. 115

Delete portion of FMVSS and reissued as regulation.	FR 5/19/83 48 FR 22567

Power-Operated Window System - No. 118

Permit operation of power windows and partitions during the interval between when the ignition key is shut off and a vehicle door is opened.	NPRM 4/1/82 47 FR 13845
	FR 5/5/83 48 FR 20237

New Pneumatic Tires for Vehicles Other Than Passenger Cars - No. 119

Marking requirements.	FR 03/18/85 50 FR 10772

Tire Selection and Rims, Non-Passenger Cars - No. 120

Technical amendment would clarify existing requirements or resolve minor specific technical problems.	NPRM 10/30/80 45 FR 71834
	FR 5/17/84 49 FR 20822

Air Brake Systems - No. 121

Require trucks, buses & trailers equipped with air brakes to have brakes acting on all wheels.	FR 6/9/80 45 FR 38380

Controls and Displays - No. 123

Allow use of "r/min" as an alternative to "R.p.m." to indicate revolutions per minute on tachometer.	FR 9/20/83 48 FR 42819

Motorcycle Controls and Displays - No. 123

Would permit the manual fuel cutoff control on a motorcycle to rotate about a longitudinal axis as an alternative to the current requirements for operation about a transverse axis.	NPRM 9/6/83 48 FR 40286 FR 9/7/84 49 FR 35380
Would be amended to permit the use of words or symbols.	FR 9/06/83 48 FR 40282
	FR 9/10/84 49 FR 35503

Occupant Protection in Interior Impact - No. 201

Sets requirements for instrument panels, interior compartment doors, seat backs, sun visors, and arm rests to lessen injuries during crashes.	FR 11/22/82 47 FR 52450

Occupant Protection in Interior Impact; Impact Protection for the Driver from the Steering Control System; Steering Control Rearward Displacement - Nos. 201, 203 and 204

Extends the applicability of above mentioned standards to light trucks, buses and multipurpose passenger vehicles.	FR 11/29/79 44 FR 68470

Steering Control Systems - No. 203

Modify the current limitation of 2,500 pounds on the amount of force imposed on the steering wheel during the compliance test which simulates a crash.	FR 10/28/82 47 FR 47840

Glazing Materials - No. 205

Delete abrasion resistance requirements for glazing used in window locations not necessary for driving visibility.	FR 8/31/81 46 FR 43687
Update by referring to latest edition ANS Z-26, and amend to permit a new type of bullet resistant glazing.	NPRM 7/29/82 47 FR 32749 FR 2/23/84 49 FR 6732
Amend to permit the use of glass-plastic glazing materials.	ANPRM 1/26/82 47 FR 8067 NPRM 3/10/83 48 FR 10097 FR 11/16/83 48 FR 52061

Door Locks and Door Retention Components - No. 206

Wheelchair lifts.	FR 03/27/85 50 FR 12029

Occupant Crash Protection - No. 208

Allow fuel loading requirements for testing compliance to 208 to be the same as used in testing compliance to other standards.	FR 10/28/82 47 FR 47839

Improve seat belt comfort, convenience, reliability and effectiveness by prescribing parameters for performance of seat belt assemblies. Effective dates deferred twice.	FR 1/8/81 46 FR 2064 FR 2/18/82 47 FR 7254 NPRM 11/25/82 47 FR 51432 FR 6/2/83 48 FR 21717
FMVSS 208 automatic restraint requirements were suspended pending review.	Interim FR 9/1/83 48 FR 399908
Propose several alternative actions to provide protection for an automobile's front seat occupants.	NPRM 10/19/83 48 FR 48622
Request comments on remaining issues and alternatives.	SNPRM 5/14/84 49 FR 20460
Require installation of automatic restraints in all new cars beginning with model year 1990 unless,prior to that time, state mandatory belt use laws are enacted that cover at least two-thirds of the U.S. population. Requirement would be phased in, and cars utilizing advanced technology other than automatic belts would count as 1.5 vehicles.	FR 8/17/84 49 FR 28962
Delay in effective date by one year.	FR 08/23/85 50 FR 34152
Phase-in schedule response to petitions for reconsideration.	FR 08/30/85 50 FR 35233
Confort and convenience.	FR 11/06/85 50 FR 46056
Test Procedures.	FR 03/21/86 51 FR 9800

Seat Belt Assemblies - No. 209

Exempt seat belts installed in conjuction with automatic restraint systems from the belt elogation requirements of the standard.	FR 1/12/81 46 FR 2618

Modify resistance to light test procedures.	NPRM 5/1/80 45 FR 29102
	NPRM 11/28/83 48 FR 53583
	FR 9/18/84 49 FR 36507

Seat Belt Assembly Anchorages - No. 210

Lap belt anchorages at passenger front seating position.	FR 10/10/85 50 FR 41356

Windshield Mounting; Windshield Zone Intrusion - Nos. 212, 219

Limit the maximum unloaded vehicle weight at which vehicles must be tested for compliance with these standards.	FR 4/3/80 45 FR 22044

Child Restraint Systems - No. 213

Allow the use of thinner padding in some child restraints.	FR 12/15/80 45 FR 82264
Would make child restraints available in aircraft.	NPRM 8/15 83 48 FR 36849
	FR 8/30/84 49 FR 34357
Certify restraints for use in both vehicle and aircrafts inversion.	FR 04/17/85 50 FR 15154
Buckle release.	FR 08/21/85 50 FR 33722
Tether straps testing.	FR 02/13/86 51 FR 5335

Side Door Strength - No. 214

Allow manufacturers the option of leaving the seats in a vehicle while its ability to resist external force pressing inward on its doors is tested.	FR 3/17/80 45 FR 17015

Bus Window Retention and Releases - No. 217

Modifies the agency's school bus emergency exit standard.	FR 2/18/82 47 FR 7255

Motorcycle Helmets - No. 218

Extend standard to all helmets that can be placed on size C headform.	FR 3/10/80 45 FR 15179

School Bus Passenger Seating - No. 222

Amend the agency's school bus seating standard to increase seat spacing from 21 to 24 inches.	FR 3/24/83 48 FR 12384

Bumper Standard - Part 581

Reduce the test impact speeds to 2.5 mph for longitudinal front and rear barrier and pendulum impacts and 1.5 mph for corner pendulum impacts. Also amend the damage resistance criteria to eliminate limitations on the damage which may be incurred by the bumper face bar and associated components and fasteners in bumper testing.	FR 5/20/82 47 FR 21820

Consumer Information Regulations

Require manufacturers to place prescribed sticker on the windshield, dashboard or some other prominent location of the vehicle, as well as in the vehicle Owner's Manual, to alert operators about proper handling and operation of utility vehicles.	NPRM 12/20/82 47 FR 58323 FR 5/11/84 49 FR 20016
Clarify regulations to exempt passenger car derivatives from above requirement.	FR 8/10/84 49 FR 32069

Uniform Tire Quality Grading (UTQG)

Amend procedure used to establish tire loads under which temperature resistance tests are conducted.	Interim	FR 6/15/82 47 FR 25930
Make test loads under the temperature resistance test consistent with those specified for high speed test in FMVSS 109.	Interim	FR 8/12/82 47FR 34990 NPRM 8/19/82 47 FR 36260 FR 3/9/84 49 FR 8929
Propose new effective dates for UTQGS requirements, after suspension (2/7/83, 48 FR 5690).		NPRM 8/13/84 49 FR 32238 SNPRM 9/12/84 49 FR 35814 FR 12/19/84 49 FR 49293

Tire Identification and Recordkeeping-Part 574

Clarifies aspects of the provisions of the interim final rule concerning the tire registration form.	Interim FR 5/19/83 48 FR 22572
	FR 2/8/84 49 FR 4755
Amend regulation to give retreaders of tires for motor vehicles other than passenger cars an option during retreading process for handling original manufacturer's DOT symbol.	NPRM 5/17/84 49 FR 20880
	FR 1/16/85 50 FR 2287
Option for manufacturers during retreading process to either remove/leave DOT symbol on sidewalls.	FR 01/16/85 50 FR 8771
Marking requirements.	FR 03/18/85 50 FR 10880

Fuel Economy Standards for Light Trucks - Part 533

Propose fuel economy standards for light trucks manufactured in 1986 and 1987.	NPRM 3/8/84 49 FR 8637
Amend average fuel economy standards for light trucks manufactured in 1985.	NPRM 5/30/84 49 FR 2251
Amends light truck average fuel economy standards for MY 1985 and establishes a new standard for My 1986.	FR 10/22/84 49 FR 41250
Standards for MY 1987.	FR 10/03/85 50 FR 40398

Procedures for Selecting Lines to be Covered by the Theft Prevention Standard - Part 542

Performance standards and criteria for selection of covered vehicles and replacement parts.	FR 08/28/85 50 FR 34831

Fuel Economy Standards for Passenger Cars - Part 531

Standards for MY 1986.	FR 08/12/85 50 FR 32424
Amends average fuel economy standard applicable for MY 1986.	FR 10/04/85 50 FR 40528

Motor Vehicle Theft Prevention Act - Part 541

Performance requirement for inscribing or affixing ID numbers to major parts.	FR 10/24/85 50 FR 43166

Petition Exemption Procedures from the Vehicle Theft Prevention Standards - Part 543

Procedures for manufactures in preparing and submitting petitions.	FR 01/07/86 51 FR 706

Anthropomorphic Test Dummies - Part 572

Test dummy drawings.	FR 06/19/85 50 FR 25422

C. Safety Regulation Under Consideration

Regulations are only included where an ANPRM or an NPRM has been published. Additional items where an NPRM has not yet been published are available in the Semi-Annual Regulations Agenda.

Controls and Displays - No. 101

Would amend the standard to permit informational readout displays to be used for telltales.	NPRM 2/1/82 47 FR 4541
Informational Readout Display (IRD).	NPRM 09/12/85 50 FR 37240

Windshield Defoggers - No. 103

Would require defogging systems for vehicles built for sale in part of the U.S. other than the continental portion.	NPRM 7/14/83 48 FR 32200

Hydraulic Brake System - No. 105

Would permit smaller brake fluid reservoirs in vehicles over 10,000 pounds equipped with self-adjusting brakes and brake fluid level indicators.	NPRM 7/28/83 48 FR 34306
Modifying the brake burnish procedures.	SNPRM 05/23/85 50 FR 21313

Heavy Duty Vehicle Brake Systems - Nos. 105, 121

Would establish a new brake standard for trucks, buses and trailers over 10,000 pounds.	ANPRM 2/28/80 45 FR 13155

Hydraulic and Air Brake Systems - Nos. 105, 121

Would amend the brake burnish procedures for vehicles over 10,000 pounds.	NPRM 6/27/83 48 FR 29560

Brake Hose - No. 106

Referee materials.	NPRM 03/07/85 50 FR 9294
Brake tensile strength.	ANPRM 03/20/85 50 FR 11209
Adhesion test.	NPRM 05/22/85 50 FR 21090

Lamps, Reflective Devices and Assoc. Equip. - No. 108

Would improve the conspicuity of commercial vehicles by establishing performance requirements for the total lighting and marking system of commercial vehicles (excl. headlights).	NPRM 5/27/80 45 FR 35405
Would allow clearance and identification lamps to flash when the hazard warning system is operating, to enhance conspicuity of large, disabled vehicles.	NPRM 10/25/84 49 FR 42965
Would amend the standard to reduce from 12 to 8 square inches the minimum effective projected luminous lens area of rear stop and turn signal lamps for large vehicles.	NPRM 10/22/81 46 FR 51793
Would provide an alternative location for front identification lamps on vehicles whose overall width exceeds 80 inches.	NPRM 2/22/82 47 FR 7711
Would allow installation of modulating headlamp on motorcycles.	NPRM 9/23/82 47 FR 42009
	NPRM 8/28/84 49 FR 34049
Proposes amendment allowing replaceable bulb headlamp systems consisting of either four lamps with single standardized replaceable light sources, or two lamps with two such light sources.	NPRM 12/7/84 49 FR 47880

Standardized replaceable light source to be used in replaceable bulbs.	NPRM 05/13/85 50 FR 19961
Type F refinement.	NPRM 05/13/85 50 FR 19986
Bulb tolerance.	NPRM 09/03/85 50 FR 35583
Replaceable light source specifications.	NPRM 09/18/85 50 FR 37882
Reform - comprehensive review of the headlighting requirements.	ANPRM 10/22/85 50 FR 42735
Lighting equipment code.	NPRM 01/24/86 51 FR 3227

New Pneumatic Tire - Passenger Cars - No. 109

Size factor dimension requirements.	NPRM 07/12/85 50 FR 28426

Brake Fluids - No. 116

Referee materials.	NPRM 03/07/85 50 FR 9294

New Pneumatic Tires for Motor Vehicles Other Than Passenger Cars - No. 119, and Tire Identification and Recordkeeping

Propose change in location of marking for certain types of tires.	NPRM 9/26/84 49 FR 37815

Air Brake Systems - No. 121

Would delete requirement for a separate reservoir capable of releasing parking brakes.	NPRM 7/23/81 46 FR 37952
Timing requirements.	NPRM 05/14/85 50 FR 20113
Modifying the brake burnish procedures.	SNPRM 05/23//85 50 FR 21313

Hydraulic Brake Systems - Passenger Cars - No. 135

International harmonization.	NPRM 05/10/85 50 FR 19744

Amend Door Locks and Door Retention Components - No. 206

Exempt vehicles with wheelchair lifts and audible alarm from requirements of Standard 206.	NPRM 9/26/84 49FR 37813

Occupant Crash Protection - No. 208

Petitions for reconsideration - comfort and convenience.	NPRM 04/12/85 50 FR 14580
Secretary's identified issues and New Car Assessment Program test procedures.	NPRM 04/12/85 50 FR 14589
Upgrade requirements for safety belt requirements for new MPV, trucks and buses.	NPRM 05/31/85 50 FR 23041
Hybrid III test dummy as an alternative to Part 572 test dummy.	NPRM 04/12/85 50 FR 14602

Seat Belt Assembly Anchorages - No. 210

Requires 1) all vehicles with automatic restraint systems at the right front designated seating position to be equipped with anchorages for Type 1 lap belts at that position, and 2) all vehicles under 10,000 pounds GVWR to have anchorages or pre-drilled holes suitable for the installation of anchorages for tether straps on child restraint systems at all rearmost designated seating positions.	NPRM 12/11/80 45 FR 81625

Child Seating Systems - No. 213

Amend to change buckle release pressure requirements.	NPRM 5/5/83 48 FR 20259
Propose more objective criteria for the testing procedures and determining compliance with the inversion requirement specified in FMVSS 213, Child Restraint Systems.	NPRM 8/15/83 48 FR 36849 NPRM 8/30/84 49 FR 34374
Increase test speed for tether anchorages.	NPRM 07/05/85 50 FR 27633

Motorcycle Helmets - No. 218

Extend performance requirements to all sizes.	NPRM 09/27/85 50 FR 39144

School Bus Body Joint Strength - No. 221

Modify the exempt status of maintenance access panels.	NPRM 11/27/81 46 FR 57939
Terminates rulemaking: comments indicated no termination safety problem had arisen due to failed maintenance panels; extra fasteners may discourage maintenance; and that no examples of circumvention of the standard had been revealed.	Notice of 7/2/84 49 FR 27181

School Bus Seating and Crash Protection - No. 222

Set certain requirements for belts when voluntarily installed.	NPRM 10/10/85 50 FR 41368

Fuel Economy Standards for Passenger Cars - Part 531

Standards for MY 1986.	NPRM 07/22/85 50 FR 29912
Standards for MY 1987 - 1988.	NPRM 01/22/86 51 FR 2912

Average Fuel Economy Standards for Light Trucks - Part 533

Standards for MY 1988 - 1989.	NPRM 01/24/86 51 FR 3221

Motor Vehicle Theft Prevention Act - Part 541

Performance standards and criteria for selection of covered vehicles and replacement parts	NPRM 05/10/85 50 FR 19728
Procedures for selecting high theft motor vehicle lines to be covered under standard.	NPRM 06/20/85 50 FR 25603

Petition Exemption Procedures from the Vehicle Theft Prevention Standard - Part 543

Procedures for manufacturers in preparing and submitting petitions for MY 1988 and beyond.	NPRM 01/07/86 51 FR 715

Anthropomorphic Test Dummies - Part 572

Hybrid III test dummy as an alternative to Part 572 test dummy.	NPRM 04/12/85 50 FR 14602

Splash and Spray Suppression Devices - Part 584

Request for comments on alternatives for spray suppressant flaps.	NPRM 04/12/85 50 FR 14632

Heavy Truck Rear-Underride Protection

Propose performance requirements for a guard at the rear of heavy trucks and trailers that would reduce the likelihood that passenger cars could run under them in a rear-end collision.	NPRM 1/8/81 46 FR 2136

Pedestrian Protection

Propose performance requirements for passenger car front bumpers that would reduce pedestrian injury severity.	NPRM 1/22/81 46 FR 7015

Seating Reference Point/Motor Vehicle Driver's Eye Range

1)Definition of Seating Reference Point be amended to incorporate 95th percentile male leg segments as a measuring specification; 2) latest version of SAE recommended practice concerning driver's eye ranges be referenced instead of an earlier version.	ANPRM 3/8/82 47 FR 9865

Truck Axle Widths

Would revise Federal Motor Vehicle Safety Standard to require that 102-inch wide trailers be equipped with axle tracks having a minimum axle width of 77 inches.	ANPRM 5/22/84 49 FR 21551

Safety Regulations Currently Under Review

1) FMVSS 203/204 - Impact Protection for the Driver from the Steering Control System and Steering Control Rearward Displacement.	Evaluation Report Published 1/81
2) FMVSS 202 - Head Restraints	Evaluation Report Published 2/82
3) FMVSS 105 - Hydraulic Brake Systems - Passenger Cars	Evaluation Report Published 3/83
4) FMVSS 214 - Side Door Strength	Evaluation Report Published 12/82

5) FMVSS 301 - Fuel System Integrity	Evaluation Report Published 1/83
6) FMVSS 108 - Lamps, Reflective Devices and Associated Equipment	Evaluation Report Published 8/83
7) FMVSS 205 - Widshield Glazing Materials	Evaluation Report Published 2/85
8) FMVSS 212 - Windshield Mounting	Evaluation Report Published 2/85
9) FMVSS 213 - Child Seating Systems	Evaluation Report Published 2/86
10) 49 CFR Part 574 - Voluntary Tire Registration	Preliminary Evaluation Report Published 8/85
11) FMVSS 207 - Seating Systems	Evaluation Underway -- 9/86
12) FMVSS 222 - School Bus Seating Systems	Evaluation Underway-- 5/86
13) 49 CFR Part 581 - Bumper Standard	Evaluation Underway--12/85 (Interim status report to Congress--5/1/84)
14) FMVSS No. 201 - Occupant Protection in Interior Impact	Evaluation Underway--12/86
15) FMVSS No. 108 - Lamps, Reflective (Center High Mounted Stop Lamps)	Evaluation Underway - 12/86 Preliminary

HIGH MOUNTED BRAKE LIGHTS

Mr. **Lehman.** All cars sold in the United States after September 1, 1985, have been required to have a third brake light. How well is this being accepted by consumers, and is it producing significant reductions in the number of rear-end accidents as you had expected?

Ms. **Steed.** We think it has been well accepted by consumers. As a matter of fact, we hear that, from an after-market standpoint, parts dealers cannot keep them in stock, they have become such a popular item.

We are going to be doing a study on the high-mounted stop light and its effectiveness, to address exactly the question that you ask, is it reducing the number of rear-end collisions?

That is to start in the very near future. We should have some data by the end of this year.

Mr. **Lehman.** I believe you have been petitioned to permit the new brake light to double as a hazard warning light. Does this idea have merit, and what is the status of your review of this proposal?

[The information follows:]

The agency has not been petitioned to have the center high mounted stop lamp (CHMSL) also function as a hazard warning light.

It should be noted that research sponsored by NHTSA prior to the adoption of the CHMSL requirements showed that the CHMSL was most effective when it functioned exclusively as a stop lamp.

ANTI-LACERATIVE WINDSHIELD PERFORMANCE

Mr. **Lehman.** Last year we were told that your field testing of anti-lacerative windshields would probably be completed in the summer of 1985.

What did your tests show, especially regarding the potential cleaning, durability, and hazing problems?

Ms. **Steed.** Barry, could I ask you to answer that one.

Mr. **Felrice.** Well, Mr. Chairman, we did not do any studies ourselves, but we were following studies that several of the manufacturers have had. There have been several fleets equipped with these anti-lacerative windshields; the Insurance Institute for Highway Safety was working with the Maryland State Police and equipped about a hundred police cruisers.

General Motors equipped about 3,000 rental cars with these anti-lacerative windshields. Ford also had a test fleet of about 2,500 cars.

And in working with the General Services Administration, we are equipping another 2,500 Ford Tempos and Topazes for GSA with the anti-lacerative windshields.

The GM and Ford studies are complete right now. They look very encouraging in terms of reductions in facial injuries, in frontal crashes. There seem to be still some concerns that we believe are solvable regarding putting decals on these windshields, essentially an inner plastic layer, and when you scrape the decal off—it could be an inspection sticker, whatever—if you are not very careful you can scratch the windshield, and that scratch then propagates and it can cause, essentially, delamination of that inner plastic layer from the glass that is behind it.

Mr. LEHMAN. The rigidity of these windshields—don't they have a concussion effect that would be more severe than a windshield that would cave in and just cut your face up a little bit?

Do you know what I am trying to say?

Mr. FELRICE. Yes. We have done some testing on essentially hitting head forms into a current production windshield which has the glass/plastic/glass layer, and then other windshields which have this fourth inner plastic layer.

We really have not seen any appreciable differences in readings on this instrumented head form in terms of possible concussions. It was a concern of ours, but it looks as if it is working okay.

ANTI-LACERATIVE WINDSHIELD TEST RESULTS/PLANS

Mr. LEHMAN. Please provide for the record an explanation of anti-lacerative test results along with future testing plans.

[The information follows:]

The General Motors (GM) tests of the anti-lacerative windshield in rental car fleets yielded favorable results. No lacerations were reported due to broken windshields, and no significant increase in haze was reported. This suggests that the inner plastic lining is sufficiently durable to resist damage caused by aggressive cleaning, since haze buildup (symptomatic of this type of damage) is apparantly minor, while retaining the capability to function as a laceration resistant shield. Although slight scratching was reported on some windshields, cleaning is apparently not a serious problem.

It was reported by GM that improper removal of decals can damage the windshield, but in general, decal removal was not considered to be a problem.

Ford similarly reports absence of discoloration, haze or fogging, which indicates that cleaning and short term ownership usage may not subject the windshield to extreme damage. Ford remains concerned that long term ownership could reveal other problems, and is concerned that decal removal is not yet error free. Ford is contemplating acquiring additional experience in future test fleets, although specific details are not known at this time.

Future evaluation of the 2,500 Ford Tempo passenger cars on Government service as provided by the General Services Administration (GSA) is planned. Preliminary reports from GSA indicate that anti-laceratative windshields are successful in preventing laceration injury to the occupant.

ANTI-LACERATIVE WINDSHIELD RULEMAKING

Mr. LEHMAN. Do you plan to proceed with rulemaking action to mandate anti-lacerative windshields?

Mr. FELRICE. Well, Ford has not filed a final report on their fleet test; in fact Ford may do another evaluation, too, to look at some of these problems about delamination and windshield decals.

But we are very encouraged because we are seeing a lot of cars come equipped with it, and General Motors, in particular, has about a half a dozen models where these inner windshields now are standard equipment.

So General Motors is happy with their design; Ford is testing a slightly different design, and we would like to wait to see what results they get.

CHILD SAFETY SEAT USAGE

Mr. LEHMAN. Mr. Coughlin, before we get into child passenger safety, I would be happy to yield to you or I can continue until you are ready.

Mr. COUGHLIN. Mr. Chairman, I have no questions at this time. Thank you.

Mr. LEHMAN. All 50 States and the District of Columbia now have laws requiring the use of child safety seats. What is the current usage rate for both infants and toddlers? And how many lives do you estimate these laws have saved?

Ms. STEED. The combined usage, for infants and toddlers, Mr. Chairman, is about 56 percent, a little more than 56 percent, and we think they are working very well.

We have just finished an evaluation of child safety seats, and we estimate that in 1984 some 192, almost 200 children, were saved by child safety seats. If you compare that to the 38 children's lives that were saved in 1979, that is a tremendous improvement.

STATE CHILD RESTRAINT LAWS

Mr. LEHMAN. Please provide for the record an update of the child safety seat belt law data found on page 414 of last year's hearing record.

[The information follows:]

An updated table of child restraint law data is attached.

STATE CHILD PASSENGER SAFETY SEAT LAWS

State	Bill	Year	Effec. Date	Restraint Requirement Age	Safety Seat Required	May Substitute Safety Belt	Penalty[2]
Alabama	S-24	82	7/82	Under 3	Under 3	No	$10
Alaska	S-163	84	6/85	Under 6	Under 4	Between 4 & 6	2 pts. & up to $300
Arizona *	H-2312	83	8/83	Thru 4 [1]	Thru 4 [1]	No	$50
Arkansas	H-454	83	8/83	Under 5	Under 3	Between 3 & 5	$10—$25
California *	S-537	82	1/83	Under 4 [1]	Under 4 [1]	If not in parent's vehicle	$50—$200
Colorado	H-1070	83	1/84	Under 4 [1]	Under 4 [1]	No	$25
Connecticut	S-42	82	5/82	Under 4	Under 4	Between 1 & 4 in rear seat	$25—$100
Delaware *	H-154	82	6/82	Under 4	Under 4	No	$25
Florida *	S-296	82	7/83	Under 6	Under 4	Between 4 & 6	$15
Georgia	S-50	83	7/84	Under 4	Under 3	Between 3 & 4	$25
Hawaii	H-890	83	7/83	Under 4	Under 3	Between 3 & 4	$100 maximum
Idaho *	H-471	84	1/85	Under 4 [1]	Under 4 [1]	No	$100 maximum
Illinois *	H-1	82	7/83	Under 6	Under 4	Between 4 & 6	$25—$50
Indiana	S-172	83	1/84	Under 4	Under 3	Between 3 & 4	$50—$500
Iowa	S-2089	84	1/85	Under 6	Under 3	Between 3 & 6	$10
Kansas *	H-2208	81	1/82	Under 4 [3]	Under 4 [3]	No	$10
Kentucky *	S-2	82	7/82	Under 40"	Under 40"	No	Warning
Louisiana	H-425	84	9/84	Under 5	Under 5	Between 3 & 5 in rear seat	$25—$50
Maine *	H-910	83	9/83	Under 4	Under 4	Between 1 & 4 if not in parent's vehicle	$25—$50
Maryland	H-879	83	1/84	Under 5	Under 3	Between 3 & 5	$25
Massachusetts	H-7162	81	1/82	Under 5	Under 5	Under 5	$25
Michigan	S-115	81	4/82	Thru 4	Thru 4	1 thru 4 in rear seat	$10
Minnesota *	H-90	82	8/83	Under 4	Under 4	No	$25 for 2nd offense
Mississippi	H-114	83	7/83	Under 2	Under 2	No	$10
Missouri	H-29	83	1/84	Under 4	Under 4	Under 4 in rear seat	$25
Montana *	S-22	83	1/84	Under 4 [1]	Under 2	Between 2 & 4	$10—$25
Nebraska	L-306	83	8/83	Under 4	Under 1	Between 1 & 4	$25
Nevada	A-307	83	7/83	Under 5	Under 5	Under 5 in rear seat	$35—$100
New Hampshire	H-62	83	7/83	Under 5	Under 5	Under 5	$30
New Jersey	A-851	83	4/83	Under 5	Under 5	Between 1½ & 5 in rear seat	$10—$25
New Mexico	S-50	83	6/83	Under 11 [5]	Under 5	Between 1 & 11 in rear seat [5]	$50
New York	S-3639	81	4/82	Under 10 [4]	Under 4	Between 4 & 10 in rear seat [4]	$25
North Carolina	H-893	81	7/82	Under 6	Under 3	Between 3 & 6	$25
North Dakota *	H-1587	83	1/84	Under 5	Under 2 *	Between 2 & 5	$20
Ohio	H-605	82	3/83	Under 4 [1]	Under 4 [1]	Between 1 & 4 if not in parent's vehicle	$10
Oklahoma	H-1005	83	11/83	Under 5	Under 4	Under 4 in rear; 4-5 in front or rear	Warning
Oregon	S-293	83	1/84	Under 16	Under 1	Between 1 & 16	$50 maximum
Pennsylvania *	S-21	83	1/84	Under 4	Under 4	Between 1 & 4 in rear seat	$25
Rhode Island	H-5730	80	7/80	Thru 3	Thru 3	No	$15
South Carolina	S-37	83	7/83	Under 4	Under 4	Between 1 & 4 in rear seat	$25
South Dakota	H-1086	84	7/84	Under 5	Under 2	Between 2 & 5	Warning
Tennessee	H-300	77	1/78	Under 4	Under 4	No	$2—$10
Texas	S-3	84	10/84	Under 4	Under 2	Between 2 & 4	$25—$50
Utah *	S-10	84	7/84	Under 5	Under 2	Between 2 & 5	$20
Vermont	H-112	84	7/84	Under 4	Under 4	Between 1 & 4 in rear seat	$25
Virginia	S-413	82	1/83	Under 4	Under 3	Between 3 & 4 or over 40 pounds	$25
Washington *	S-2303	83	1/84	Under 5	Under 1	Between 1 & 5	$30
West Virginia	H-917	81	7/81	Under 9	Under 3	Between 3 & 9	$10—$20
Wisconsin	A-600	82	11/82	Under 4	Under 2	Between 2 & 4	$10—$200
Wyoming	H-94	85	4/85	Under 3 [1]	Under 3 [1]	No	$25
Dist. of Col.	4-194	82	7/83	Under 6	Under 6	Between 3 & 6 in rear seat	$25

NOTES: * Law applies only to parents and legal guardians

[1] Or less than 40 pounds

[2] Most states waive fines upon proof of safety seat acquisition

[3] Kansas law applies only to children riding in front seat.

[4] In 1983, New York raised the belt use age to cover those under 10 incrementally by 1987. A new law requires all front seat occupants and rear seat occupants under 10 to be secured in a safety belt or safety seat, effective 1/1/85.

[5] New Mexico enacted a law in 1985 requiring children under 11 to be belted in rear seats. This age group is covered in the front seat by the newly enacted mandatory safety belt use law, effective 1/1/86.

[6] In 1985, Oregon's safety belt use age was increased from under 5 to under 16, effective 1/1/86, and fine was increased from $20 to $50.

CHILD SAFETY SEAT USAGE

Mr. **Lehman**. In the future, do you expect compliance levels to grow much, or has usage pretty much topped out?

Ms. **Steed**. Here too, I think we will see usage grow like we will in safety belt usage. Again it has to do with educational efforts. We have a major push on correct usage, as I think we talked about last year, and on improved enforcement techniques.

Child safety seat enforcement is a part of that law enforcement training package that I mentioned yesterday.

Mr. **Lehman**. Have you seen these rear window stickers like "Baby riding in this car" or "Child——

Ms. **Steed**. "Child on board"? Yes.

Mr. **Lehman**. Do you put them out, or who puts them out?

Ms. **Steed**. I do not know. We will have to find that out.

Mr. **Lehman**. You have seen them, though?

Ms. **Steed**. I have seen them, yes.

CHILD SAFETY SEAT ENFORCEMENT

Mr. **Lehman**. Maybe there is some kind of promotional activity that you could get car manufacturers to involve themselves in. You can tell them you will call off the air bags if they put these stickers in. [Laughter.]

A January 1985 child passenger safety symposium conducted by the NTSB identified serious problems about enforcement of these child restraint laws. Criticism from the police at the symposium centered around the fact that the fines were too low to make enforcement meaningful and the laws had too many exemptions. How would you rate State child restraint enforcement efforts? Have the States done a good job in your view?

Ms. **Steed**. I think they are—pardon the pun in their infant stages. The law enforcement community is really just learning about child safety seat laws. You have to convince the law enforcement officer that a law is important to be enforced, before he will take it very seriously.

I know in the beginning, many law enforcement officers were reluctant to stop a mother and give her a ticket for a child safety seat violation of one sort or another. We are seeing less and less of that, and several States, Tennessee in particular, have done an evaluation of enforcement that showed a fairly direct relationship between the number of citations issued, and the number of fatalities in the revelant age groups.

So we are beginning to show officers that giving a ticket may be also saving a life. We have a long way to go and I think we can improve, although some States have done a particularly good job.

CHILD SAFETY SEAT LAW LOOPHOLES

Mr. **Lehman**. On the issue of exemptions or loopholes in these mandatory child restraint laws, a recent survey published in the *American Journal of Public Health* found that four of ten children killed in car accidents over a 5-year period were not required to be buckled in car seats.

How serious is the loophole problem, what are the major loopholes, and what are you doing to close them?

Ms. **Steed**. I have not looked specifically at that article but I think the problem is one of which age groups are covered, and that varies tremendously from State to State.

Some laws cover age four and under; five and under. Some States have extended their laws to age 6, or age 10, or age 16. I think that is a major difference in the way States treat children and child passenger safety. The major variable appears to be age. There are some other variables, things like which cars are covered or whether the person driving the vehicle was covered, if they are a parent, if they are a guardian, or what have you.

So there are some variations. We are working to end those variations and one of the things we are doing is of course encouraging enactment of mandatory usage laws, which would pick up all people riding in the front seats of automobiles.

We have also, in our guidelines, for the set-aside of the 8 percent money last year, stressed the improvements that need to be made in State laws and stressed raising the ages.

So we think the States are addressing the variations. Just this last year, we have seen Oregon, New Mexico, New York and North Carolina, increase the age of the child that is covered by the child safety seat law.

Mr. **Lehman**. Please expand on your answer for the record.

[The information follows:]

Yes, there are differences in almost every State child restraint law.

The major differences in these laws are: the age limit for coverage under State law; children traveling in vehicles not registered in that State; children traveling with out-of-state drivers; certain vehicle types; children not being driven by their parents or guardians; and various other reasons including medical conditions and seating position in the vehicle.

Agency policy has always been to strive for improved State child passenger safety laws. One way of achieving these improvements has been through the State passage of mandatory safety belt use laws (MUL's). Many of the laws already passed (20 to date) cover some of the exemptions which existed in their child restraint laws. For example, in California and Massachusetts, all vehicle passengers must be buckled-up, regardless of age.

The age limit problem is being addressed directly by a number of States. For example, the States of New Mexico, New York, North Carolina, and Oregon have increased the ages of children covered by their child passenger safety laws to 11, 10, 6 and 16 respectively.

CHILD SAFETY SEAT MISUSE

Mr. **Lehman**. I believe misuse of child safety seats still remains a big problem. What is your latest estimate of the percentage of child seats that are installed incorrectly, and what are you doing about this problem.

Ms. **Steed**. George, can you answer that, please.

Mr. **Reagle**. Mr. Chairman, if you compare 1979 to 1984, in 1979, the correct usage was only 18 percent and in 1984 it has gone up to 34 percent.

So it has been a major increase and we have a study that I will be glad to provide you, that goes into partially misused as well as grossly misused, but I think the data shows clearly that our educational efforts to get seats used correctly is paying off.

CHILD SAFETY SEAT USAGE

Mr. LEHMAN. I just wondered, demographically, whether certain social or income levels—how it breaks down. You know, I always think of the Yuppie people strapping their children in but nobody else. You know, the people that wait till they are 30–35 to have children.

It is just maybe in my own mind, but I think there is a kind of a cultural difference there.

Ms. STEED. I think there is a larger problem in places such as San Antonio where they have a large Hispanic population, who may have trouble affording a seat. We see that our child loaner programs are very important in such areas as are educational materials in Spanish, for example, on correct use.

Mr. LEHMAN. But it does cut across?

Ms. STEED. It does.

TETHERED CHILD SAFETY SEATS

Mr. LEHMAN. As you know, this Committee has been especially concerned about the misuse of those child seats requiring a tether strap.

Last year you told us that 85 percent of all tethered seats were misused.

You recently issued an amendment to your child seat regulation that would require all child seats to pass 30 mph crash tests secured by a lap belt only.

Based on past testimony, it is doubtful that tether seats could meet this 30 mph requirement.

How many manufacturers still produce tether seats and what do you expect will happen to the production of those tether seats under this rule?

Ms. STEED. We did just issue the rule last month, Mr. Chairman. It is our understanding that tethered seats had been phased out of the market even before the rule went out, in response to a lack of consumer demand or what have you.

It is my understanding that there is only one seat still on the market that comes equipped with a tether, and I suspect with this new rule, that may be phased out also.

Mr. LEHMAN. I do not believe your new child seat requirement is retroactive. How many tethered child seats do you estimate are currently in use and how long will it be before those seats wear out and are replaced?

Ms. STEED. This is really an off-the-top-of-the-head estimate by the staff, but they tell me that fewer than 20 percent of seats in current use still have tethers. We expect that most of those will be retired before the end of this decade, based on the average life of a child seat.

MINI VAN ACCIDENT RATES

Mr. LEHMAN. By the way, have you had any figures on these mini vans that are so popular?

Ms. STEED. In what respect?

Mr. LEHMAN. Accident rates, especially for children.

Ms. **Steed**. We can look at that for you.

Mr. **Lehman**. Because it seems that mini vans have small children riding in them most of the time. It is just the way I observe these things. And also, how they perform as far as crashworthiness.

Ms. **Steed**. Certainly. I will be glad to.

Mr. **Lehman**. They look very vulnerable to me. You know there are more and more of those being made.

Ms. **Steed**. Yes, we have started including those in our new car assessment program.

[The information follows:]

The mini-van is one subset of vehicles within the "van" classification used by NHTSA's fatal Accident Reporting System (FARS).

Consequently, we do not have fatality information for this particular class of van readily available. It is possible, however, to search the FARS file for specific make model vehicles, which are mini-vans, to determine the number of occupant fatalities which occurred in them.

CHILD SAFETY SEAT RULEMAKING SCHEDULE

Mr. **Lehman**. Please provide for the record a detailed breakdown of the major milestones and dates pertaining to the proposal and issuance of your amended child restraint seat rule.

[The information follows:]

December 13, 1979—FMVSS No. 213 Child Restraint Systems published, requiring dynamic testing of all child restraints in 30 mph tests and additional testing of tethered seats in 20 mph tests without the tether attached. The standard became effective January 1, 1981 (44 FR 7213).

December 11, 1980—NPRM published proposing to amend FMVSS No. 210 Seat Belt Assembly Anchorages-to require tether anchorages (or pre-drilled holes) in all rearmost seating positions of passenger vehicles under 10,000 pounds gross vehicle weight and anchorages for Type 1 lap belts at any right front passenger position equipped with an automatic restraint that cannot be used for securing child restraints (45 FR 81625).

July 5, 1985—Notice published terminating action on the portion of the proposed rule (Notice of December 11, 1980) requiring tether anchorages (50 FR 27623).

July 5, 1985—Notice published proposing an amendment to FMVSS No. 213 to require that all tethered seats pass the 30 mph test with unattached tethers (50 FR 27633).

October 10, 1985—FMVSS No. 210, amended to require lap belt anchorages at any right front passenger seat position equipped with an automatic restraint that cannot be used for securing child restraints. Effective date of the requirement is September 1, 1987 (50 FR 41356).

February 13, 1985—FMVSS No. 213, amended to require that all tethered child seats, except booster seats, harness restraints and restraints for handicapped children, pass the 30 mph test with unattached tethers. This rule becomes effective August 12, 1987 (50 FR 5335).

SCHOOL BUS SAFETY BELT STUDY

Mr. **Lehman**. There is a growing controversy surrounding proposals to mandate seat belts in school buses. Opponents say the "compartmentalization" concept is superior.

Proponents say seat belts will protect children better from side impacts and rollovers. The fiscal year 1985 supplemental appropriations conferees requested you to make an indepth study of this issue.

What have you concluded? And do you plan to begin a rulemaking to mandate their installation?

Ms. STEED. We completed and published a study this year on belts on school buses, Mr. Chairman, We would be happy to provide it for the record.

Essentially what it says is that we do not see the need, at this point, for a Federal requirement for belts on all school buses, because the compartmentalization concept is essentially working.

We based that on a couple of factors, and a couple of findings that bother me about safety belts on school buses.

Canadian crash tests recently showed with instrumented dummies, that the belted children dummies actually did worse than the unbelted child dummies.

The Canadian government is going to conduct a second series of tests that will be both head-on and oblique crash tests, so we will be looking at that to see if the same results are produced. Canada is also going to look at different seating configurations, so that you might seat the children facing each other, so that they would, in a crash, go this way, rather than going into the front of the seat.

We have concluded at this point that requiring belts on buses is not necessary. However, if any local municipality has a particular problem, or particularly dangerous roads that the school buses must travel, we will certainly give them as much information as they need to help them order buses correctly equipped.

SCHOOL BUS DRIVER LICENSING

Mr. LEHMAN. Is there any data on school bus driver licensing that you can supply for the record. Because most of these school bus accidents are driver-related.

Ms. STEED. We will look at that for the record.

[The information follows:]

Over the last decade, the National Highway Traffic Safety Administration (NHTSA) has conducted more than 100 detailed investigations of school bus crashes. The National Transportation Safety Board has also investigated a small number of such crashes where there were multiple school bus occupant fatalities. In 62 cases, school bus driver error appears to have been a primary cause of the crash. The driver of the other vehicle involved was considered the primary cause in another 34 cases. School bus drivers are about evenly divided between males and females. These school bus drivers ranged fairly evenly over all age groups typical of the general, national driver population. Few were reported to have had physical or mental problems. Where previous driving records were reported, the driver had a previous moving violation in 24 of 56 cases.

There are various requirements for school bus driver licensing among the States. 33 States require a medical examination; the minimum age requirement ranges from 16 in South Carolina and North Carolina to 21 in Illinois, Indiana, Ohio, Rhode Island and Utah; 35 States have special licensing requirements, such as background investigations, special skills, knowledge tests, etc.

SCHOOL BUS SAFETY BELT STUDY

Mr. LEHMAN. What bothers me most about school buses is that I do not know of anything that is more unaesthetic than the inside of a school bus. And a child's first contact with school today is the austere inside of a school bus. It does not make that child very excited about going to school and is a bad introduction.

Please provide for the record a summary of the findings and conclusions of your school bus seat belt study.

[The information follows:]

School buses are by far the very safest form of surface transportation.

Most fatal injuries relating to school buses occur outside the bus, when children as pedestrians are struck by another vehicle or their bus itself, but not as school bus occupants.

The issue of safety belts on large school buses has become a topic of much concern and discussion because of the greatly increased public awareness of the need for occupant protection in automobiles and because children who were born since the child passenger safety movement are now entering school and using school buses. NHTSA continues to believe that the occupant protection required in school buses manufactured after April 1, 1977, commonly referred to as compartmentalization, plus the inherent safety of a highly recognizable vehicle that travels on a regular route, provides a very high level of safety protection.

The agency does not discourage school districts from ordering buses with belts, but does encourage them to consider all of the school bus safety options that are available. This would include such things as improved bus driver training and selection improved mirror systems or sensing devices to assist drivers in detecting small children in front of their buses, and continuous review of maintenance procedures.

SCHOOL BUS COMPARTMENTALIZATION

Mr. LEHMAN. I believe the FMVSS 222 compartmentalization standard for school buses became effective for 1978 model buses.

What percentage of all large school buses are now compartmentalized and when do you estimate the entire fleet will be so equipped?

Ms. STEED. This is a tough one for us to get a handle on and I will call this figure a guesstimate because it is a very soft figure. We estimate between 65 and 75 percent of the buses, are now compartmentalized.

The whole fleet might be compartmentalized by, say, 1992, based on the average life of the school bus. As far as whether or not that is working, we in fact are doing a study right at the moment.

Mr. LEHMAN. What effect has the compartmentalization standard had on school bus-related fatalities and injuries?

Ms. STEED. That is part of the study I just mentioned and as soon as it is completed, we will provide it for the committee.

DRIVER EDUCATION FUNDING

Mr. LEHMAN. When you answered that I was talking to Greg about driver ed, and you answered that pretty completely last year. You are not putting any more money into that, are you?

Ms. STEED. Not at the moment, no.

Mr. LEHMAN. I think it is the biggest boondoggle in secondary education and counterproductive.

BUMPER STANDARD EVALUATION

Mr. LEHMAN. NHTSA has undertaken a multi-year effort to evaluate how well the 2.5 mph and 5 mph bumpers perform in low speed front and rear collisions.

You testified last year that this evaluation would be completed in December.

Do you now have a reliable method of assessing the bumper performance of different cars? If so, how do you plan to provide this information to consumers? Should bumper ratings be included on the sticker like fuel economy ratings?

I think one of the best things that has happened to bumpers is that rubber strip, so that every time some car touches another car it does not cause a $45 scratch on it.

Ms. **Steed**. There are two things underway that involve bumpers, Mr. Chairman. One is an evaluation of the bumper systems, and the change from 2.5 to 5 miles an hour, and I would ask Adele to talk briefly about that. We have some preliminary information, even though the final report is not out. Second, with regard to bumper ratings, I would like to ask Barry to talk for a minute about that. Adele.

Ms. **Spielberger**. We did some tear-down studies on 200 bumpers representing about 80 percent of the types of cars sold in the U.S.

And we looked at those portions of the cars that had changed their bumpers with the new standard compared to those who had not, and we found that the net benefit to the consumer was only $13.00.

Over the lifetime of the vehicle, that was very negligible and not significant, but really balanced out when you looked at the repair costs, insurance costs, versus the lighter bumper and the cost to the manufacturer which you assumed would be passed on to the consumer.

Mr. **Lehman**. Please expand on your answer for the record.

[The information follows:]

When development of the experimental Consumer Information Program on Bumpers was initiated in 1983, the agency identified the ability to correlate the laboratory test results with real-world accidents as a critical program component. This was necessary in order to ensure that the bumper ratings were meaningful to the consumer. During 1983 and 1984 a test methodology was developed, using the current Part 581 compliance test procedures as a basis, and 23 vehicles were tested under the methodology. Extensive analyses were performed during 1985 comparing the laboratory test results with real-world accident data. The analyses did not provide conclusive evidence of an absolute relationship between the laboratory tests and real-world, low-speed, bumper-involved accidents. The agency participated in the Bumper Ratings Workshop cosponsored by the Insurance Institute for Highway Safety and the Motor Vehicle Manufacturers Association in December 1985. The results of the agency's analyses were presented and discussed at that workshop.

A *Federal Register* notice was issued in January 1986 requesting public comment on the results of the NHTSA bumper rating analyses, as well as other issues surrounding the development of a meaningful consumer information program on bumpers. The docket closed on February 24, 1986, and the agency is currently reviewing the comments. This information will be used in determining the agency's future activities in this area.

While the original development activities of the experimental Consumer Information Program on Bumpers included the dissemination aspects of the program, work on that aspect was scheduled to be started only after a reliable and meaningful test methodology was developed.

TIRE RATING PUBLICITY

Mr. **Lehman**. NHTSA has also received criticism for the methods used to publicize its tire treadwear test results. The Center for Auto Safety has charged that you have purposefully buried these test results in a regulatory docket instead of publicizing them via press releases, et cetera.

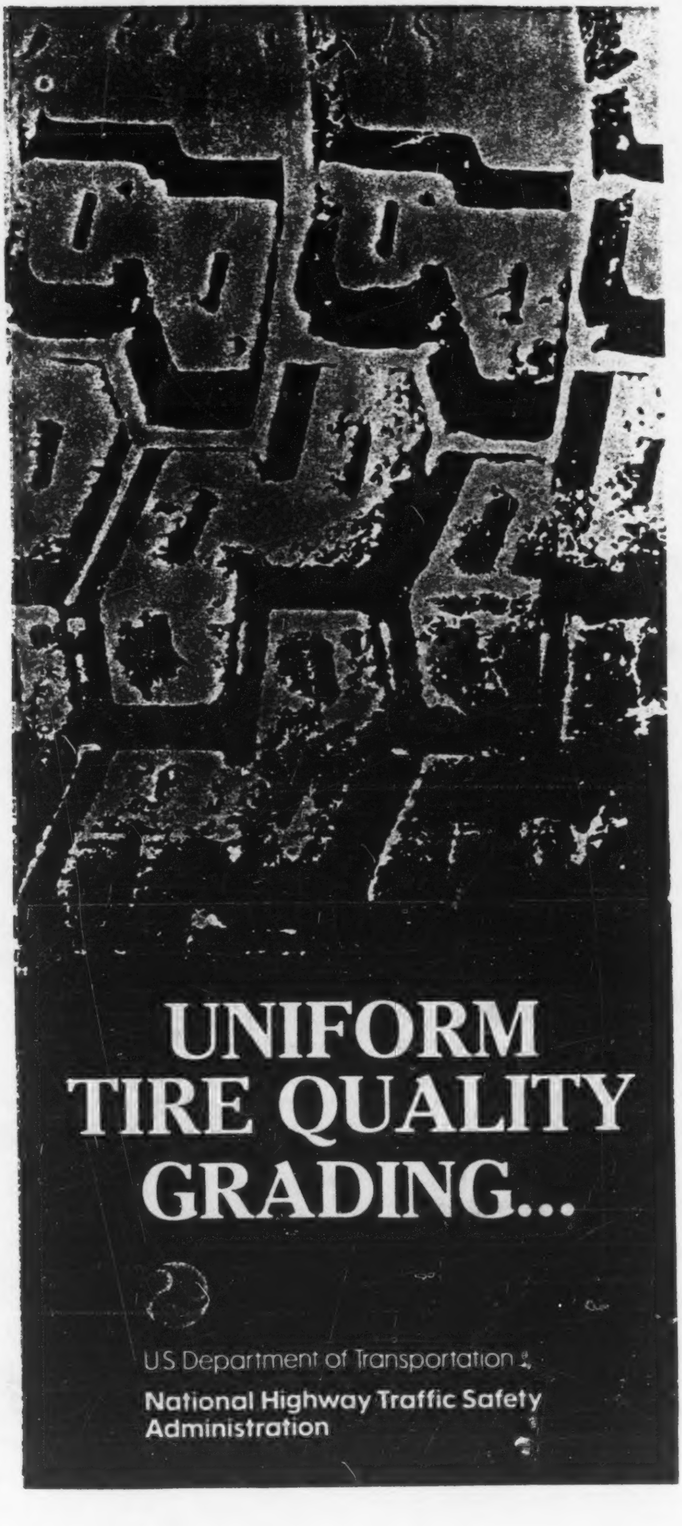
Are you hiding this information from the public? How do you announce your tire ratings?

Ms. **Steed**. Mr. Chairman, if sending out five thousand tire rating lists a month is hiding information, then I guess maybe we are. We have sent out about five thousand copies a month on request, to various individuals since last September.

In addition we have completely re-done the uniform tire quality grading pamphlet that asks and answers a lot of questions, and I think it makes it much clearer to consumers, exactly what the tire rating system is.

Mr. LEHMAN. We will put that into the record.

[The information follows:]



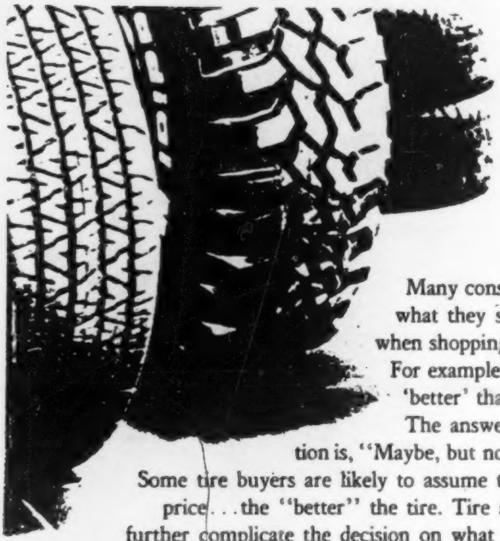
UNIFORM TIRE QUALITY GRADING...

U.S. Department of Transportation

National Highway Traffic Safety Administration

Few consumer products on the market today offer the reliability and value of modern automobile tires. Their dependability is very high. especially considering their complexity and the demanding driving and road conditions to which they are subjected during their lifetime.

But buying new tires can be confusing. Many people rely on recommendations from service stations or tire dealers where they have been treated well in the past, buy from a store that offers a variety of brands at discount prices, or make their decision based on loyalty to a certain manufacturer whose tires have given good service previously. Regardless of where you buy them . . . or how much you pay . . . all tires sold today are required to meet federal safety standards.



Many consumers wonder what they should look for when shopping for new tires. For example, "Is a $65 tire 'better' than a $45 one?" The answer to that question is, "Maybe, but not necessarily." Some tire buyers are likely to assume that the higher price. . .the "better" the tire. Tire advertising can further complicate the decision on what tire to buy. A "premium" tire from one manufacturer can be quite different from another company's "premium" tire.

The truth is, **how the tire is used,** your personal **driving style,** the **type of car** you drive, **where** you drive and what kind of **tire maintenance** you perform routinely can influence tire life more than the brand name and the price you paid.

Uniform Tire Quality Grading System

The Uniform Tire Quality Grading System (UTQGS) is a tire information system designed to help buyers make relative comparisons among tires. The UTQGS is **not** a safety rating and **not** a guarantee that a tire will last for a prescribed number of miles or perform a certain way. It simply gives tire buyers additional information to combine with other considerations, such as price, brand loyalty and dealer recommendations. Under UTQGS, tires are graded by the manufacturers in three areas: treadwear, traction and temperature resistance.

UTQGS information is right where you need it. . .on the tires. The grades can be found on two places on the tire: there's a paper label affixed to the tread, and the grades are also molded into the sidewalls. Additionally, brochures which explain the tire grades are available at tire stores.

Traction

Traction grades represent the tire's ability to stop on wet pavement as measured under controlled conditions on asphalt and concrete test surfaces. The traction grades from highest to lowest, are "A", "B", and "C". A tire graded "A" may have relatively better traction performance than a tire graded "B" or "C," based on straight ahead braking tests. The grades do not reflect the cornering or turning traction performance of the tires.

Temperature

Temperature grades represent the tire's resistance to heat and its ability to dissipate heat when tested under controlled laboratory test conditions. Sustained high temperature can cause the tire to degenerate and reduce tire life, and excessive temperature can lead to sudden tire failure. The temperature grades from highest to lowest are "A", "B", and "C". The grade "C" corresponds to the minimum performance required by federal safety standard. Grades "B" and "A" represent higher levels of performance than the minimum required by law. The temperature grade is for a tire that is inflated properly and not overloaded. Excessive speed, underinflation, or excessive loading, either separately or in combination, can cause heat build-up and possible tire failure.

Treadwear

The treadwear grade is a comparative rating based on the wear rate of the tire when tested under carefully controlled conditions. For example, a tire graded 200 should have its useful tread last twice as long as a tire graded 100. However, real world tire tread life, in miles, depends on the actual conditions of their use. Tire life is affected by variations in driving habits, service practices. . .such as tire rotation, wheel alignment, and maintaining proper inflation pressure. . .and differences in road characteristics and climate.

Common Questions

Q. What does the TRACTION grade tell me about the tire?

A. In a straight line stop, the "A" graded tire should allow you to stop your car on wet roads in a shorter distance than tires graded "B" or "C". When driving on wet roads, good traction is important to your safety. Tires graded "C" offer the least traction on wet roads.

Q. Is the ability to stop the car affected by anything besides the tire grade?

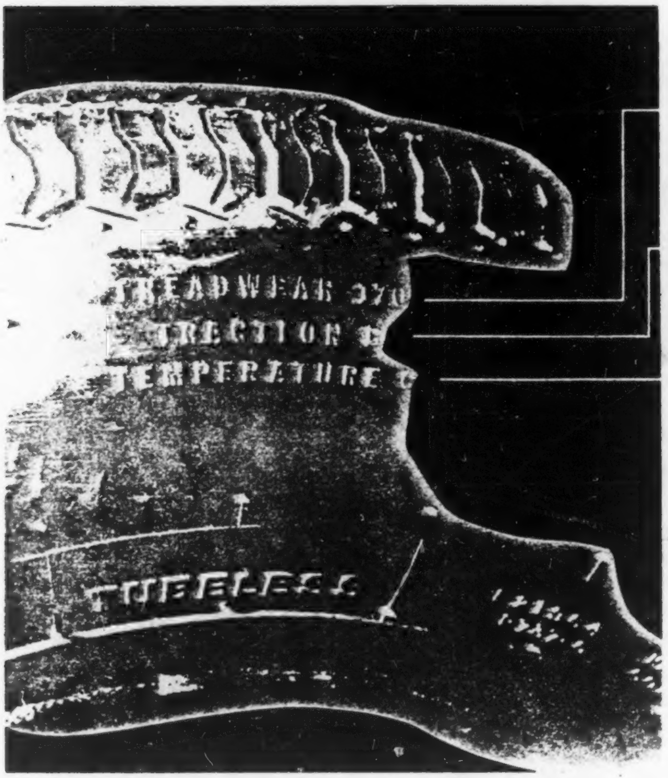
A. Yes. When the tread is badly worn, all tires lose much of their stopping ability, especially on wet roads. For safety reasons, it is important to replace tires when the built-in treadwear indicators begin to show (you will see lines across the tread) or when the grooves in the tread measure only 1/16 of an inch deep (about the thickness of a nickel). Regardless of the traction grade, a bald tire is dangerous. Keep in mind, that properly maintained brakes are also extremely important to stopping performance.

Q. Is TRACTION improved if you let some air out the tires, below recommended pressures?

A. No. In fact, this is a dangerous practice. Underinflation does not improve traction. It causes the tire to run hot, which can damage it and increase the risk of a blowout. It will also wear out the tread faster and reduce your car's fuel economy. Proper tire pressure information can be found in the vehicle owner's manual and on the tire information placard on the vehicle.

Q. What does the TEMPERATURE RESISTANCE grade tell me about a tire?

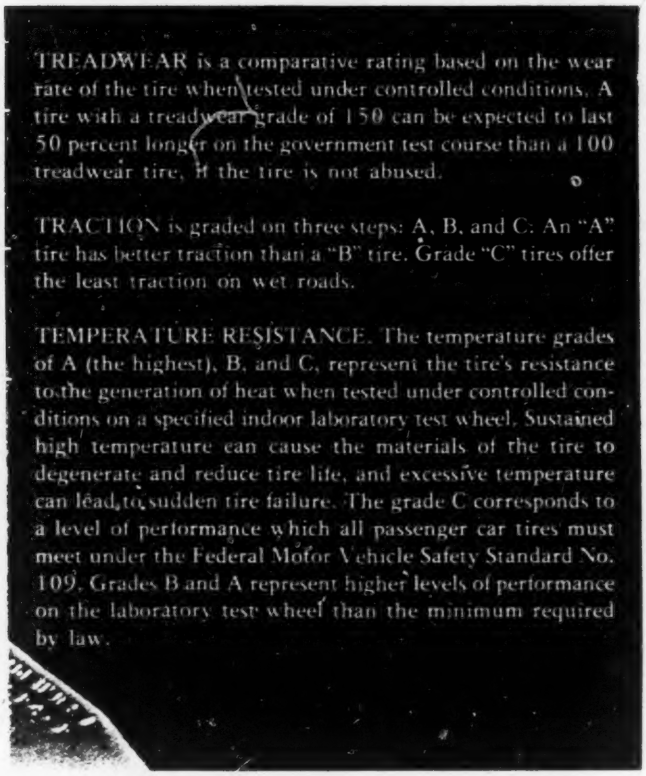
A. Sustained high temperatures can cause the tire material to degenerate and excessive temperatures can lead to blowouts and tread separations. The "A" rating signifies the coolest running tire. If the vehicle and tires are maintained and operated



properly, they should perform safely and reliably when run at the speed limit, even in very hot weather. "C" tires run hotter than tires graded "A" or "B", but a "C" graded tire is not "unsafe." Keep in mind that under-inflation or overloading will overheat and damage any tire and greatly increase the likelihood of a blowout.

Q. What significance does the TEMPERATURE RESISTANCE grade have for me as a driver?

A. If you often drive at highway speeds for periods of an hour or more, there is less chance a cooler-running "A" graded tire will overheat than a "B" or "C" graded tire. All tires will perform safely and reliably when driven at the speed limit, but the higher graded tires will give you a greater margin of safety. Your individual driving habits and the amount of time you spend driving in hot climates or at highway speeds should determine how much emphasis you put on the temperature resistance grade.



TREADWEAR is a comparative rating based on the wear rate of the tire when tested under controlled conditions. A tire with a treadwear grade of 150 can be expected to last 50 percent longer on the government test course than a 100 treadwear tire, if the tire is not abused.

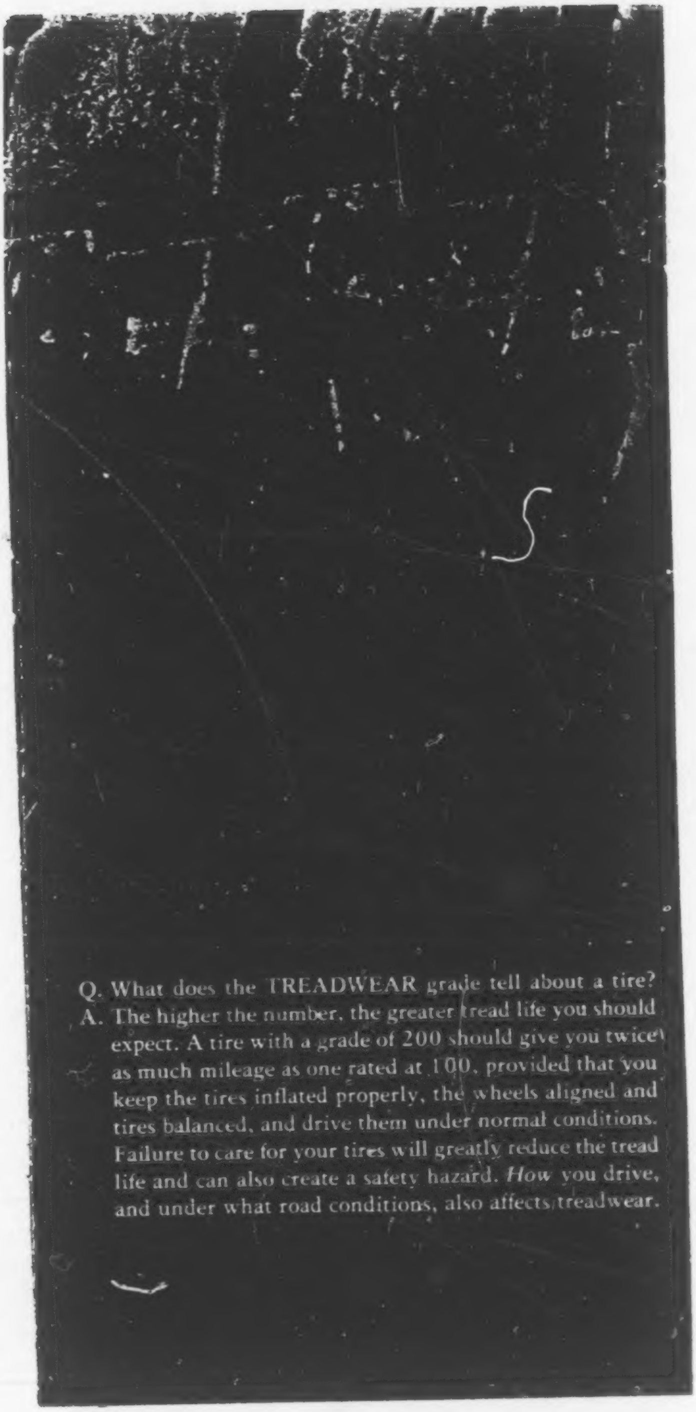
TRACTION is graded on three steps: A, B, and C. An "A" tire has better traction than a "B" tire. Grade "C" tires offer the least traction on wet roads.

TEMPERATURE RESISTANCE. The temperature grades of A (the highest), B, and C, represent the tire's resistance to the generation of heat when tested under controlled conditions on a specified indoor laboratory test wheel. Sustained high temperature can cause the materials of the tire to degenerate and reduce tire life, and excessive temperature can lead to sudden tire failure. The grade C corresponds to a level of performance which all passenger car tires must meet under the Federal Motor Vehicle Safety Standard No. 109. Grades B and A represent higher levels of performance on the laboratory test wheel than the minimum required by law.

Q. Is the temperature of my tires affected by anything other than the assigned grade?

A. Yes. All tires will run at higher temperatures when they are underinflated or overloaded. It is very important to check the pressure in all of your tires before starting out on a trip where you will be driving at highway speeds for more than an hour. Always inflate the tires to the recommended pressures *before* starting on the trip. This precaution will help any tire run cooler.

DOT HS 806 805 (Revised)
January 1986



Q. What does the TREADWEAR grade tell about a tire?

A. The higher the number, the greater tread life you should expect. A tire with a grade of 200 should give you twice as much mileage as one rated at 100, provided that you keep the tires inflated properly, the wheels aligned and tires balanced, and drive them under normal conditions. Failure to care for your tires will greatly reduce the tread life and can also create a safety hazard. *How* you drive, and under what road conditions, also affects treadwear.

Q. So the TREADWEAR grade will not tell me for certain how many miles of tread life I can expect?

A. Correct. It is not a measure of the tread life. It indicates only that, under the same general conditions, one tire can be expected to produce more mileage than another, not what the mileage will be. Again, actual tread life is influenced strongly by where you live and how you drive. In some parts of the country, tires wear out faster. For example, the local rock used for road construction is rougher in some geographical areas than in others. The same tire might give 20,000 miles in one part of the country and 30,000 in another, but a tire with a higher grade should produce better tread life than a lower graded tire in either locality.

Q. Will all drivers get the same mileage on the same grade of tire?

A. No. Mileage is determined primarily by driving habits. Drivers who start off slowly can expect the best tread life. Those who consistently make "jack rabbit" starts and stops, and fast, tire-screeching turns will get the least. Studies have shown that treadwear for the same tire can be as low as 14,000 miles for some drivers, but as high as 30,000 miles for other drivers in the same geographical area. Proper maintenance is also important. Under- or over-inflation, unbalanced wheels, and wheel misalignment result in uneven treadwear that causes the tire to wear out prematurely.

TIRE RATING PRESS RELEASES

Also do you do press releases on this from time to time?

Ms. **Steed**. That I will have to check for you. I am not sure.

[The information follows:]

Yes.

TIRE TEST ACCURACY

Mr. **Lehman**. Do you have full confidence in the accuracy of your tire tests?

Ms. **Steed**. Actually, we do not. We are still concerned, as we were originally, that the results of these tests may be misleading, that there may be variability in the test results. However, as you know, we were ordered by the court to put the system back into effect.

RETREADED TIRES

Mr. **Lehman**. How about retreading? What is the safety factor involved in regard to retreading tires? Have you done anything on that?

Ms. **Steed**. Mike, do you know?

Mr. **Finkelstein**. We have not done any studies but we have regulations in place that require retreaders to meet effectively the same requirements that new tires have today.

Over the years, we had certain enforcement actions a number of years ago——

Mr. **Lehman**. Retreads can be very dangerous because the sidewalls give out, and even though there might be a regular tread on that, I think it might be worthwhile for you to take just a brief look at that.

When I was in the used car business, you used to be allowed to regroove tires. Remember that?

Ms. **Steed**. No, Mr. Chairman. I do not.

Mr. **Lehman**. You would have a man come by, when you had the bald tire, and he was skilled. They would cut grooves in it and then you would have a new set of tires. Is that still going on?

Ms. **Steed**. We will have to check.

Mr. **Finkelstein**. It is not allowed. Once they get a certain amount of rubber off that carcass it has got to be junked.

Now assuming they are complying with our regulations it is not being done.

REGROOVED TIRES

Mr. **Lehman**. Why don't you find out. I think you can go to a used tire place and buy regrooved tires, and that is a bomb waiting to happen.

[The information follows:]

NHTSA shares your concern that regrooved tires in service on our highways be safe. To ensure that this is the case, we have a regulation (49 CFR Part 569) that applies to all regrooved tires. This regulation specifies that only tires specifically designed for regrooving, and so labeled by the manufacturer, can be regrooved. It also sets forth dimensional and labeling requirments for regrooved tires, and specifies certain safety conditions that must be met by each tire after it is regrooved. We enforce this regulation just as we enforce all of our other regulations, and we are not aware of frequent or widespread violations of this regulation by tire dealers. Further, our experience with regrooved tires that satisfy our regulation indicates that these tires do not present a safety hazard on our highways.

TIRE TEST RESULTS

Mr. LEHMAN. Please provide for the record a copy of the results of your latest tire test results in the same format as that released to the public.

[The information follows:]

[CLERK'S NOTE.—The following is a sample of the tire grading material that is released to the public. A complete listing was provided for Committee files.]

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UNIFORM TIRE QUALITY GRADING
CONSUMER INFORMATION

BRAND	CONST	TIRELINE	SIZE	TRAC	TEMP	WEAR
** BRAND ALL AMERICAN						
ALL AMERICAN	BIA BELT	SUPER SPORT 60	P275/60B	A	C	140
ALL AMERICAN	BIA BELT	SUPER SPORT 60	ALL EXCEPT	A	B	140
ALL AMERICAN	BIA BELT	WIDE TRAC	13	A	C	120
ALL AMERICAN	BIA BELT	WIDE TRAC	14 & 15	A	C	130
ALL AMERICAN	BIAS	ROAD TRAC	ALL	B	C	080
ALL AMERICAN	RADIAL	ALL SEASON	13	B	C	150
ALL AMERICAN	RADIAL	ALL SEASON	14 & 15	B	C	190
ALL AMERICAN	RADIAL	ALL SEASON II	13	B	C	180
ALL AMERICAN	RADIAL	ALL SEASON II	14 & 15	B	C	200
ALL AMERICAN	RADIAL	METRIC	ALL	B	B	220
ALL AMERICAN	RADIAL	PACEMAKER 65	ALL	A	A	160
ALL AMERICAN	RADIAL	PACEMAKER SR	ALL	A	C	320
ALL AMERICAN	RADIAL	PREMIUM	13	B	C	190
ALL AMERICAN	RADIAL	PREMIUM	14 & 15	B	C	240
ALL AMERICAN	RADIAL	R 200	13	B	C	180
ALL AMERICAN	RADIAL	R 200	14 & 15	B	C	200
ALL AMERICAN	RADIAL	STEEL BELTED	13	B	C	180
ALL AMERICAN	RADIAL	STEEL BELTED	14 & 15	B	C	200
ALL AMERICAN	RADIAL	SURVIVOR	ALL	A	C	240
** BRAND ALLIANCE						
ALLIANCE	BIAS	103	ALL	B	B	070
ALLIANCE	RADIAL	118	13	A	C	180
ALLIANCE	RADIAL	118	14 & 15	A	B	200
ALLIANCE	RADIAL	120	13	A	B	180
ALLIANCE	RADIAL	120	14 & 15	A	B	200
ALLIANCE	RADIAL	127	13	B	C	140
ALLIANCE	RADIAL	127	14 & 15	B	B	160
ALLIANCE	RADIAL	129	13	A	B	160
ALLIANCE	RADIAL	129	14 & 15	A	B	180
ALLIANCE	RADIAL	158 RAYON	ALL	B	C	080
** BRAND ARMSTRONG						
ARMSTRONG	BIA BELT	CORONET/CUSTOM	ALL	B	C	090
ARMSTRONG	BIA BELT	SURVEYOR 78	ALL	B	C	100
ARMSTRONG	BIAS	SUPER/COUGAR	ALL	B	C	100
ARMSTRONG	BIAS	SURVEYOR/CUSTOM	ALL	B	C	090
ARMSTRONG	RADIAL	ASSURANCE	13	A	B	230
ARMSTRONG	RADIAL	ASSURANCE	14	A	B	200
ARMSTRONG	RADIAL	ASSURANCE	15	A	B	240
ARMSTRONG	RADIAL	CORONET A/S	13	B	C	150
ARMSTRONG	RADIAL	CORONET A/S	14 & 15	B	C	170
ARMSTRONG	RADIAL	CORONET SX/A	13	B	C	150
ARMSTRONG	RADIAL	CORONET SX/A	14	B	C	160
ARMSTRONG	RADIAL	CORONET SX/A	15	B	C	170
ARMSTRONG	RADIAL	TRU TRAC 60	ALL	B	C	200
ARMSTRONG	RADIAL	TRU TRAC 70	ALL	B	C	180
ARMSTRONG	RADIAL	TRU TRAC A/S	13	B	C	150
ARMSTRONG	RADIAL	TRU TRAC A/S	14 & 15	B	C	170
ARMSTRONG	RADIAL	TRU TRAC SPORT	13	A	C	150

GRAY MARKET IMPORT LEVELS

Mr. **Lehman**. There is a growing concern over the so-called "gray market" of imported cars that do not conform with U.S. safety and emissions standards.

Last year, information was provided for the record that the number of "gray market" cars has increased by 1,400 percent since 1980.

Is this problem still growing now that the value of the dollar is declining relative to European currencies, and how big of a safety problem is it?

Ms. **Steed**. Actually, it is now starting to decline, Mr. Chairman. Some 66,000 cars were imported in calendar year 1985. We are beginning to see that number go down on a month by month basis.

If I could give you a comparison for March, for example, in March of this year, about 1,387 cars were imported as opposed to a little more than 5,000 last March. So the numbers are beginning to come back down a little bit, we think.

GRAY MARKET SAFETY ISSUES

As far as how big of a safety problem it is, we have tested a number of cars. We found one problem what I might characterize as a more significant failure in those cars—which was a fuel tank failure—and a number of other minor differences, discrepencies with our standards. So from a safety standpoint, it is not that big of a problem. We are still concerned about the recall issue–whether or not those cars could be recalled.

But in order to get a better handle on whether or not the necessary modifications are being made and being made properly, we have just instituted a system of spot checks of modifiers. We are using our field staff that do odometer work to also check on modifiers. This sets up a kind of general deterrence pressure. The word is getting around that NHTSA is out looking at the modifiers and it is beginning to have a deterrent effect.

Mr. **Lehman**. It is really a trade issue more than a transportation issue, isn't it?

Ms. **Steed**. That would have a bigger effect on the number of cars entering the country, but no, it is definitely a transportation problem.

Mr. **Lehman**. Please expand on your answer for the record.

[The information follows:]

The gray market of imported cars continued to grow at a fast rate in fiscal year 1985 with 60,374 vehicles being imported compared to 30,850 vehicles in fiscal year 1984. The fiscal year 1985 figures represent an increase of 2,415 percent since 1980. While some decline in the number of vehicles imported during the first 2 months of calendar year 1986 has been noted, it is difficult to assess the long term impact of the falling value of the dollar against European currencies. We will continue to monitor the situation closely.

Last year the agency tested two gray market cars to the requirements of several safety standards and inspected a large number to assess the completeness and quality of the modifications made to bring them into compliance with the safety standards. One major problem and a number of minor problems were found. Since that time, we began to collect information on modifiers so we can more closely examine the compliance packages of those with a history of problems.

The agency has also initiated random inspections of vehicles at modifiers' facilities. The regional staff performing these inspections have all received training covering the inspection techniques necessary to evaluate compliance of gray market cars. In addition, instruction and assistance have also been provided to the Department of Transportation's Office of the Inspector General and the New Jersey State Police enabling them to pursue their own independent investigations rather than relying on NHTSA field representatives. Since initiation of these programs we are receiving very few problems with compliance packages.

The gray market program involves, in addition to NHTSA, the Custom Service and the Environmental Protection Agency. Customs and NHTSA enforce the joint import regulation (19 CFR Part 12.80). Through its Office of Vehicle Safety Compliance, NHTSA maintains a continuing liaison with the U.S. Customs Service. Liaison with Customs field offices occurs on a daily basis involving the processing of entry declarations, issuing bond release letters, penalty recommendations, petitions for mitigation of penalties, and support to Customs field investigative units. Liaison with Customs headquarters is on an as needed basis. Less liaison with the Environmental Protection Agency is required because of differences in our statutes, but the agencies frequently exchange information in common areas of interest.

The agency also provides numerous special investigative reports to the Internal Revenue Service, Federal Bureau of Investigation, California Air Resources Board, the Department of Transportation's, Office of the Inspector General, and various District Attorneys to assist directly in their processing of violations.

GRAY MARKET INSPECTION PROCESS

Mr. **Lehman**. Where are you experiencing the biggest gray market problems, and what actions have you taken in those areas to enforce better compliance?

Ms. **Steed**. George, could you speak to that.

Mr. **Parker**. What we have done, Mr. Chairman, besides our inspection programs, when we did the testing last year, and did a sampling of inspection of sixty-three cars that had been modified, to see if the modification had been done properly, we started to collect more information on the modifier, so we could pay more attention to those modifiers that had not done too well in the past.

We could scrutinize those packages that they send us to prove that the cars have been modified. Miss Steed mentioned the fact that our inspection program, we are getting a lot of feedback now, that others in the field are learning about that and they are becoming more diligent in their modifications.

And our field inspectors are finding less problems now, than our inspection about a year ago found, of the 63 vehicles. The main problem is, as Miss Steed said, is the recall issue.

There is no effective way to recall those vehicles. There is legislation that has been working on on the Hill. We would like to see that move to help us fix the recall problem.

GRAY MARKET SURVEILLANCE LOCATIONS

Mr. **Lehman**. And what cities do your staff work out of?

Mr. **Parker**. We work out of four areas of the country. We have our odometer inspection people in San Francisco, Kansas City, Atlanta, and Boston. They cover regions of the country, roughly, for example, the person from Kansas City would go down into the Houston area. Gray market modifiers are more likely to be in the coastal areas and the ports of entry.

As I said, the Kansas City person would go into the Houston area; the Atlanta person would go into the Florida area and some of the other Gulf Coast States.

The person in San Francisco would cover San Francisco and Los Angeles.

GRAY MARKET LEGISLATION

Mr. **Lehman**. Have you recommended any additional legislation to address the gray market problem? If not, do you believe additional legislation is required?

[The information follows:]

We are supporting draft legislation to provide more effective control over the importation of gray market vehicles and to facilitate the recall and remedy of any gray market vehicles that contain defects or that fail to comply with applicable motor vehicle safety standards. such legislation would require all gray market importers to register and pay fees for the support of our inspection program, to maintain records of all vehicles imported, and to recall and remedy any defects or failures to comply. The legislation would simplify the inspection process with respect to the majority of imported vehicles (those that could be "readily modified" to comply), and would provide for the automatic release of import bonds within a fixed time unless the Department notifies the importer that particular vehicles are to be inspected.

We believe that such legislation would permit more effective use of agency resources to insure the proper modification of gray market vehicles and reduce the burden on the taxpayers now associated with this program. We are hopeful that such a measure can be enacted.

ELDERLY DRIVERS

Mr. **Lehman**. Another growing controversy, especially in states like Florida, is whether elderly drivers ought to be tested more rigorously before they receive drivers license renewals.

According to a paper delivered before the Society of Automotive Engineers last September, it was concluded, and I quote:

"Elderly drivers do not constitute a threat out of proportion to others on our roads and highways. If anything, the elderly are a very safe driving group. Elderly drivers account for only 7.4 percent of fatal traffic accidents although they represent 11.2 percent of the driving population." (Anthony J. Yanik, General Motors Auto Safety Engineering).

Do you agree with those conclusions? If so, do you concur with those who believe no additional screening of elderly drivers is necessary?

Ms. **Steed**. As far as the specific percentages cited in the GM study, I would like to get back to the committee on whether or not our figures show the same thing.

Generally, the so-called elderly population is not over-involved in the total number of crashes but they are involved more on a per mile basis. This is a problem that we think will be growing across the country as our whole population ages. We are intending to do a number of things, because as I said, it will be a growing problem. One of the things that we are doing is working on educational materials.

We find that elderly people tend to restrict their driving on their own to some extent. They do not drive during rush hours; they do not drive at night. They seem to know, inherently, for example that their reaction time may not be as good as it once was.

So, we will be working on some self-test materials that we might be able to put in the hands of older drivers, that would help them judge their own driving ability, maybe give them some clues about how to do a better job.

We would also like to work with States that might want to look at the re-testing issue. We do see some differences in the way States treat these elderly drivers.

Some States require new educational programs at a certain age, like Illinois. Others are beginning random vision tests of people over 65, and so forth.

It is a touchy issue. As you said, many people resent the idea that getting old and driving do not mix, and it is something that we are going to be studying.

Mr. **Lehman**. It sure is tough on the children of the elderly, when they have to go to their mom and dad and tell them, "I'm sorry, but you can't drive anymore." It causes a lot of family problems.

Ms. **Steed**. It is a very difficult issue because one of the last things that people want to hold on to as a symbol of their individual freedom is the car.

CAR PHONES

Mr. **Lehman**. The recent boom in car telephones has brought about concerns that they may distract drivers and cause accidents.

Do you think there is a potential safety problem in this area? If so, what studies are you performing?

Ms. **Steed**. We have not seen a potential safety problem here, Mr. Chairman, and we are aware of one study that was done—albeit a somewhat biased one perhaps—given the people that did it. I would like Barry to speak to that.

Mr. **Felrice**. The study Miss Steed is referring to is an AT&T study of cellular phones in the Washington-Baltimore area, and it was done in cooperation with the AAA of this area.

The results were essentially that the drivers of cars which had cellular phones—again according to that study—those drivers actually seemed to have their accident experience improve. That is, they were involved in fewer accidents once they had the phones, as compared to earlier, and overall, they had a slightly lower accident rate than the general population.

And it seems that a lot of the drivers, they will not dial while driving; they will either pull to the side of the road; or they have a feature where they just punch one button to call.

But many of the drivers will not actually dial another number while they are driving, and that seems to help. And there was also an interesting result of the study, which showed that these drivers tend to report accidents more frequently than the average driver.

Based on the AAA control group, maybe 10 percent of drivers passing an accident will stop afterwards to call it in. That percentage was about doubled with drivers that had cellular phones in their car, and that of course would be a benefit to safety.

HIGH RISE TRUCKS

Mr. **Lehman**. Another relatively new area of concern is the safety of so-called "high rise" trucks with oversized wheels. I believe some States are considering bans on these vehicles due to rollover potential, the exposure of their gasoline tanks, and visibility problems. Are these vehicles a safety hazard in your view, and are you considering any regulatory action in this regard?

Ms. **Steed**. Looking at just the high rise problem, there are some valid engineering reasons, if you consider how they are structured, to think that they might have a potential for rollover and therefore potential for a safety problem.

As we look at our national data files, we do not have enough detail to get a handle on how much of a problem these are.

We are going to be looking at individual State data files, in the coming year, to see whether a safety problem might be posed by these vehicles.

As far as a regulatory action in this regard, most of this, if I understand it correctly, occurs in the aftermarket with large tires, and suspension systems, and so forth, and of course we do not have regulatory authority there.

Mr. **Lehman**. They put a hundred thousand dollars in these things. It is amazing what they do with these. You have pickup trucks sitting ten feet in the air.

ANTI-COLLISION RADAR

Mr. **Lehman**. I believe a radar device has recently been approved by the FCC that would warn drivers of potential rear end collisions. Do you see any significant potential safety benefits from this device?

[The information follows:]

The device referred to is the Rashid Radar Safety Brake Collision Warning System, manufactured by Vehicle Radar Safety Systems of Mt. Clemens, Michigan. It is a fixed, narrow beam radar system designed primarily to prevent rear end collisions at moderate closing speeds. According to the manufacturer's literature, the device will not provide a warning signal in time to prevent a collision if the closing speed exceeds 30 mph. Because of this, the device probably will not be very effective in preventing high speed rear end crashes or a variety of other crashes which account for much harm. We are currently in the process of evaluating this system.

MOTOR VEHICLE THEFT LAW ENFORCEMENT ACT

Mr. **Lehman**. How are you proceeding in issuing the new rules required by the Motor Vehicle Law Enforcement Act?

Mr. **Felrice**. Mr. Chairman, so far we have issued several rules as required by the legislation. We have the basic standard in place which requires up to fourteen parts of high-theft car lines to be marked with a vehicle identification number.

We have also issued rules which identify the high-theft car lines. We have identified lines up through model year 1987.

The standard will actually take effect next month. We have also issued rules which provide exemptions from the marking requirements, and these are for vehicles which have standard equipment, anti-theft devices, that would be at least as equivalent as parts marking, in terms of reducing theft.

We are about to issue a proposal in the next few months on insurance reporting requirements, as mandated by the statute.

Mr. **Lehman**. Please provide for the record a detailed breakdown of all implementation activities needed for this legislation along with the timetable for completing each action.

[The information follows:]

Title I of the Motor Vehicle Theft Law Enforcemnt Act (the Act), "Improved Identification for Passenger Motor Vehicles and Parts" requires a number of rulemaking activities. The status of each follows:

1. Establish the procedures to be followed by NHTSA in selecting high-theft passenger carlines to be subject to the parts-marking requirement of the theft prevention standard. Status—Final Rule issued on August 28, 1985.
2. Define the performance requirements for inscribing or affixing identification numbers onto original equipment and replacement parts of high-theft carlines. Identify the parts to be marked and the manner and form for certifying compliance with the standard. Status—Final Rule issued on October 24, 1985.
3. Designate the high-theft carlines for those lines that existed in Model Years 1983 and 1984. By statute, any carline having a theft rate above the median for all passenger cars in Calendar Years 1983 and 1984 is a high-theft line and subject to the parts-marking requirement of the theft prevention standard. Status—Final Rule issued November 12, 1985.
4. Establish procedures under which manufacturers may petition the agency for an exemption from the parts-marking requirement of the theft prevention standard for those high-theft carlines which have, as standard equipment, an anti-theft system which the Department finds is as effective in reducing and deterring theft as parts marking. Status—Interim Final Rule for Model Year 1987 issued January 7, 1986; Notice of Proposed Rulemaking for Model Year 1988 and beyond issued January 7, 1986.
5. Designate the high-theft carlines for those lines that were introduced into the U.S. marketplace after January 1, 1983. Status—Final Rule to be issued in Spring 1986.
6. Establish the insurance industry reporting provision as required by the Act. Status—Final Rule to be issued in Summer 1986.
7. Establish final procedures for petitions for exemptions from the parts-marking requirement of the theft prevention standard for high-theft carlines introduced in the marketplace after Model Year 1987 which have, as standard equipment, an anti-theft system which the Department finds is as effective in reducing and deterring theft as parts marking. Status—Final Rule to be issued in Fall 1986.
8. Designate the high-theft carlines for those lines that will be introduced into the U.S. marketplace and designated as 1988 models. Status—Final Rule to be issued in Fall 1986.

RADAR DETECTION DEVICES

Mr. LEHMAN. And getting back to the 55-mile an hour speed limit, there is a growing interest in banning fuzzbusters. I believe there are some reports that 70 to 85 percent of all truckers on the road have installed these devices.

Are these a major problem in 55-mile an hour enforcement? And in view of the safety benefits of 55, do you think they should be banned?

Ms. STEED. That is something that we have not looked into specifically, Mr. Chairman. It has been brought to our attention recently by a number of sources, and it is something we will be looking at.

TINTED WINDOWS AND WINDSHIELDS

Mr. LEHMAN. Up here we do not have much of a problem, but in Miami, so many of the cars have these darkened windows and windshields. Are you familiar with that problem?

Ms. STEED. Yes.

Mr. LEHMAN. Every one of them looks like a doper—you have seen these cars, where you cannot see who is in it, and it is a very ominous-looking vehicle?

Ms. STEED. Yes.

Mr. LEHMAN. Do you have any data on the safety record of these cars?

Mr. Felrice. Well, we have a standard which requires a certain amount of light to be transmitted through the windshield. At least 70 percent of the light that would be passed through a clear windshield must be transmitted through a tinted windshield.

Mr. Lehman. Well, the side windows, you sure cannot see in them. I do not know whether you can see out of them or not.

Mr. Felrice. Well, again, it might get to the aftermarket where, our statute prohibits any commercial establishment from doing anything that essentially negates compliance with the safety standard.

So a car dealer could not put in very heavily tinted windshields if the owner desired it. But the owner can, on their own, do whatever they wish, unless it violates a particular State law.

Mr. Lehman. I see.

Mr. Felrice. I mean, we just cannot reach the individual car owner.

MOTORCYCLE SAFETY

Mr. Lehman. And one last question. We have not had any questions on motorcycles today. For the record, would you put some information in on motorcycle fatalities and what actions are being taken?

[The information follows:]

Motorcycle fatalities increased to 4,607 during 1984 after having declined for the prior three years. Fatalities during 1985 are estimated to have been about the same level as 1984.

Safety helmet use remains the best way to reduce or prevent head injuries, the leading cause of death in motorcycles crashes. Louisiana, the single State to repeal and then readopt a helmet law found that motorcycle fatalities decreased 30 percent (40 deaths) the first year under the new law even though motorcycle registrations had increased 5.9 percent during the year. Safety helmet use is required for riders of all ages in 19 States, the District of Columbia and Puerto Rico. In another 24 States helmet use is required by persons under a specified age, usually 18.

All but four States now require special tests and licenses for motorcycle licenses. Currently, 40 States use the model motorcycle operator's manual developed by NHTSA, 34 use the knowledge test based on the manual and 22 use skill tests developed by the agency.

A new alcohol safety education module for inclusion in the Motorcycle Rider Education Course was recently developed by NHTSA. The module will be used in each of the training course conducted under the auspices of the Motorcycle Safety Foundation, and in addition, is being distributed to other highway safety organizations and agencies throughout the education activity being conducted by the American Motorcyclist Association.

Legislation dedicating funds for the development and implementation of motorcycle rider education programs has been adopted in 21 States.

The NHTSA has also completed a project with the Jet Propulsion Laboratory to develop an anti-lock brake system for motorcycles that utilizes advanced fluidics technology as opposed to the conventional electro-hydraulic approach used in most automobile systems. The use of fluidics offers many advantages in motorcycle brake systems since it is better able to cope with the intense vibration, heat, and electromagnetic interference problems associated with these vehicles. However, the current study has concluded that the state of the art in manufacturing fluidic components has not advanced to the stage where these devices could be used in a cost effective way with motorcycles. We will continue to examine alternate approaches that may provide a viable solution to the motorcycle braking problem.

TELEVISION IMAGES

Mr. Lehman. I mentioned TV commercials earlier, but I also think that TV shows like "Knight Rider" and "Miami Vice" where speeding cars are a very important part of these shows; I just wondered whether there is anything going on to prevent this kind of intriguing type of promotion of speed, and glamorizing speed on the TV, which I think in some ways is dangerous, and perhaps some of the other things they advertise on TV, whether it is "Miller Time", or whatever.

By the way, what do you think about limiting beer commercials on TV?

Ms. STEED. You are not afraid to ask "hard" questions, are you? We have not taken a position on one side or the other on that question.

Mr. LEHMAN. I will now yield to Mr. Coughlin.

SMALL TRUCK SAFETY

Mr. COUGHLIN. Thank you, Mr. Chairman. I might say that no one has more expertise in automobiles and automobile safety than the Chairman, as he comes from that background. I was interested in his questions on the safety of pickups and that kind of vehicle.

There was an article in *The Wall Street Journal* yesterday, I believe, about the rise in popularity of small trucks and questions about their safety.

As a driver of a Bronco, should I be concerned?

Ms. STEED. We just received a copy of the article and we will of course comment on it for the record. There is no need necessarily to worry that they are unsafe. They do meet our safety standards that cover those vehicles.

SMALL TRUCK SAFETY REGULATIONS

Mr. COUGHLIN. Presumably, the design of a pickup can make it more dangerous in a collision than a car. Cars have reinforcing bars inside the doors, crash-resistant roofs, and head restraints to prevent whiplash.

Pickups, with weight concentrated in the front, have a greater tendency to spin and because their center of gravity is high, they roll more easily.

You, Miss Steed, are quoted as saying that NHTSA is watching accident data to determine if regulations need to be revised.

Would you comment?

[The information follows:]

In the National Highway Traffic Safety Administration's Fatal Accident Reporting System (FARS), fatalities by vehicle type are specified. The information below provides a distribution of fatalities for passenger cars and the pick-up truck occupants, 1980-1984.

Year	Passenger car occupant fatalities	Pickup truck occupant fatalities
1980	27,449	5,463
1981	26,645	5,097
1982	23,330	4,692
1983	22,979	4,595
1984	23,621	4,873

A measure of the fatality risk in a motor vehicle is the fatality rate of that vehicle, compared to other vehicle types.

In order to compare the fatality rate of a vehicle, it is necessary to have both fatality counts and some measure of exposure, such as vehicle miles of travel (VMT). The VMT data is available from the Federal Highway Administration, but only for the combination of light trucks and vans. Hence, the comparison in fatalities per 100 million vehicle miles of travel is between passenger cars and light trucks and vans. It should be noted that, of the total occupant fatalities in light trucks and vans, the vast majority—about 84% are occupants of pick-up trucks.

Year	Passenger car occupant fatalities per 100 million vehicle miles	Light truck/van occupant fatalities per 100 million vehicle miles
1980	2.47	(1)
1981	2.40	(1)
1982	1.98	(1)
1983	1.89	1.88
1984	1.88	1.88

[1] VMT data not available.

55 MPH ENFORCEMENT FUNDING

Mr. COUGHLIN. Just a couple of follow-up questions on the 55-mile situation. We have earmarked special funding levels for the 55-mile an hour enforcement program and this has proven to be effective.

Some highway safety professionals believe that using these funds to provide for concurrent enforcement of other safety laws, such as drunk driving enforcement, will have a beneficial result without diminishing the current 55-mile an hour program.

I was interrested in learning if NHTSA has given any thought to expanding the use of these funds?

Ms. STEED. We hear that, too. We hear not only that it may be limiting the people in what they can do, as far as speed enforcement goes, but also that it may be encouraging them to put resources in the wrong areas. We have also heard from some States that there might be some benefit from combining those kinds of uses.

In our 1987 budget, we have asked that those earmarking funds of all types, including 55, be removed, so that States would have more flexibility to use those funds to do enforcement of the highest safety priorities.

ALCOHOL COMPREHENSIVE SAFETY PROGRAMS

Mr. COUGHLIN. Have you considered providing demonstration funding to support a comprehensive alcohol safety program effort in a major metropolitan area which has experienced a significant number of drunk driving accidents?

Ms. STEED. As a matter of fact we have, and we have done some work in that area as far as target cities goes. George, you might want to speak to that.

Mr. REAGLE. Mr. Coughlin, in 1982, we picked ten cities and counties, or States in the country to do a comprehensive effort.

Last year, around February, we published a first year evaluation, and many of those communities showed major reductions in nighttime fatal crashes.

I would be happy to provide for the record a copy of the evaluation.

ALCOHOL SAFETY INCENTIVE GRANT CRITERIA

Mr. COUGHLIN. I understand that you are currently reevaluating the criteria for the qualification of alcohol-incentive funding under Section 408. What do you envision the program requirements and available funding levels to be under that program?

Ms. STEED. We have looked at 408, Mr. Coughlin, and at this point, our feeling is that we ought not to change those criteria. That the program has worked as it was supposed to do.

A number of States have qualified—seventeen qualified for basic grants, and another fourteen have qualified for the supplemental grants. We expect a number of other States to be qualifying in the very near future. So we do not think, at this point, we should change the criteria. The program has been very successful.

FUTURE HUMAN SAFETY RESEARCH EFFORTS

Mr. COUGHLIN. In view of the current strategic highway research program activity involving FHWA, AASHTO, and other highway interests, is NHTSA considering any similar program activity?

Ms. STEED. I am not sure I am familiar with their activity. Are you aware of something?

Mr. FINKELSTEIN. That is a very major effort, to look at a series of problems that they envision facing, or that the highway system faces over the next number of years, and they are putting fairly major funding into it.

We do not have any similar projects that we are not envisioning undertaking with the highway safety community, although we do have a number of avenues open with the various groups that make up that constituency, so that we can review the important areas we are dealing with.

We have of course refocused the program in the last few years to concentrate much more directly on the most pressing issues, safety belt use, and drunk driving. So I think we are probably going ot continue the kind of efforts we have underway.

HEAVY DUTY TRUCK DRIVER TRAINING

Mr. COUGHLIN. And is NHSTA considering any kind of program which will provide training for persons who want to learn how to drive heavy trucks?

Ms. STEED. We will be concentrating on heavy truck driver licensing issues in the coming year. We would like to see more States adopt a classified license system, which means that if you wanted to drive an 18-wheeler, you would actually take a driving test in an 18-wheeler, instead of in the Honda that you drive to and from work each day. That today is a major problem in many States so we are pushing States towards classified licensing.

More generally on driver licensing practices and driver education, we did some research and have some new materials out. We will be working with FHWA to concentrate on a major push on truck driver licensing in the coming year.

Mr. COUGHLIN. Mr. Chairman, I will yield back to you.

JUSTIFICATIONS

Mr. LEHMAN. Would you like to start the Committee questions on the justifications?

Mr. COUGHLIN. I would be happy to, Mr. Chairman.

GRAMM-RUDMAN-HOLLINGS IMPACT

Mr. COUGHLIN. You took reductions of about $3.6 million in operations and research and about $6.7 million in various obligation limitations due to the March 1 sequestrations. What has been the impact of these reductions? Were any vital programs eliminated or reduced below essential levels?

Ms. STEED. No vital programs are being reduced below essential levels. It was the across-the-board Gramm-Rudman cut that we took. What it will mean for NHTSA essentially, is a belt-tightening exercise, an examination of how we might do things more efficiently, but no drastic cutbacks on any real safety program.

STAFFING PLANS

Mr. COUGHLIN. Would you outline your staffing plans for fiscal year 1987 compared to fiscal year 1986 in terms of number of positions and employment ceiling.

Also, would you discuss any planned staffing realignments within your overall ceilings.

Ms. STEED. In 1987, the budget request provided for 640 authorized positions, just as it did in 1986, so it is essentially level from a staffing standpoint. We have no plans for major realignments.

NHSTA STAFFING PLANS

Mr. COUGHLIN. Please expand on your answer for the record showing FTE staffing levels.

[The information follows:]

Following is the estimated breakdown of the full-time equivalent employment (or staff years allocations) for full time permanent, and other than permanent positions reflected in the 1986 and 1987 columns of the 1987 President's Budget.

Operations and research [1]	1986	1987
Ceiling:		
Full-time permanent positions	616	606
Other than full-time permanent	49	39
Non ceiling (other than permanent positions) [2]	14	14
Total	679	659

[1] Including Trust Fund Share of Operations and Research.

[2] Student aide employees.

STAFFING LEVELS

Mr. COUGHLIN. Please update the staffing figures found on page 497 of last year's hearing record by adding a fiscal year 1987 column.

[The information follows:]

Fiscal year	Permanent positions	Employee ceiling	Differential
Operations and Research:			
1982	566	523	−43
1983	497	466	−31
1984	541	509	−32
1985	542	516	−26
1986	542	518	−24
1987	542	508	−34
Highway Traffic Safety Grants (formula grants):			
1982	120	117	−3
1983	120	120	0
1984	99	99	0
1985	98	98	0
1986	98	98	0
1987	98	98	0
NHTSA total:			
1982	686	640	−46
1983	617	586	−31
1984	640	608	−32
1985	604	614	−26
1986	640	616	−24
1987	640	606	−34

UNOBLIGATED BALANCES

Mr. COUGHLIN. Please provide for the record a breakdown of the unobligated balance carried forward into fiscal year 1986, similar to what appears on page 498 of last year's hearing record.

[The information follows:]

The unobligated fiscal year 1985 balance for the Operations and Research appropriation carried into FY 1986 was initially stated at $2.1 million. Subsequent accounting adjustments have reduced the unobligated fiscal year 1985 balance to $1.9 million. A summary of the unobligated fiscal year 1985 no-year contract balances carried into fiscal year 1986 with explanation is provided below.

	Thousands
Rulemaking Programs: Automotive ratings system	$68
Enforcement Programs: Odometer requirements	8
Highway Safety Programs:	
Alcohol Countermeasures	51
National Driver Register	1,297
Subtotal	1,348
Research and Analysis:	
Passenger Vehicle Research	279
National Center for Statistics and Analysis	19
Reimbursement-sale of vehicles and tires	161
Subtotal	459
Total, NHSTA	1,883

EXPLANATION OF LISTED ITEMS

Rulemaking programs. Automotive ratings system. $68 thousand. These funds were recovered from a prior year contract close out and have been awarded in FY 1986.

Highway Safety Programs. National Driver Register. $1,297 thousand. Certain activities, including those relating to Pilot State contracts and associated computer processing and software were rescheduled from FY 1985 to FY 1986.

Alcohol Countermeasures. $51 thousand. These funds were recovered from a prior year contract close out and have been awarded in FY 1986.

Research and Analysis Programs. Passenger Vehicle Research. $279 thousand. The fiscal year 1985 carryover includes $92 thousand which is committed to the Vehicle Research and Test Center for continuing work in biomechanics, side protection, pedestrian research and restraint testing. $187 thousand was recovered from prior year contract and purchase order close outs. These funds have been awarded in FY 1986.

National Center for Statistics and Analysis. $19 thousand. The fiscal year 1985 carryover includes $15 thousand recovered from a prior year NASS contract and $4 thousand from a FARS contract. These funds have been awarded in FY 1986.

Reimbursement. $161 thousand. These funds were received from the sale of motor vehicles and equipment in FY 1985 and will be utilized in the passenger vehicle research program in FY 1986.

RECOVERY OF PRIOR YEAR OBLIGATIONS

Mr. COUGHLIN. On page 5, please explain for the record the $380,000 in recovered prior year obligations in fiscal year 1985, including the name of any defaulted contractor.

[The information follows:]

We regularly review the funding status of ongoing contracts and purchase orders to ensure the effective and timely use of the funds. During 1985 our review disclosed a number of cases in which the actual costs had been less than we anticipated. By closing out these contracts and purchase orders we were able to recover $380,000 which we then reallocated and obligated in FY 1985. None of these contracts involved a default by the contractor.

REIMBURSABLE OBLIGATIONS

Mr. COUGHLIN. Please also provide for the record a chart breaking out your fiscal year 1986 and 1987 reimbursable obligations in the same format that appears on pages 499 and 500 of last year's hearing record.

[The information follows:]

OPERATIONS AND RESEARCH—OBJECT CLASSIFICATION

[In thousands of dollars]

	Reimbursable Obligations	
	1986 estimate	1987 estimate
Personnel compensation:		
Permanent positions	$9,842	$10,016
Positions other than permanent	529	552
Other personnel compensation	66	94
Total personnel compensation	10,437	10,662
Personnel benefits:		
Civilian	1,127	1,150
Benefits for former personnel		
Travel and transportation of persons	462	441
Transportation of things	39	47
Standard level user charges	712	1,136
Other rent, communications, and utilities	387	467
Printing and reproduction	343	387

OPERATIONS AND RESEARCH—OBJECT CLASSIFICATION—Continued

[In thousands of dollars]

—	Reimbursable Obligations	
	1986 estimate	1987 estimate
Other services	$26,600	$20,708
Supplies and materials	110	142
Equipment	513	600
Total obligations	[1] 40,614	35,740

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[1] 1986 after sequestering.

STANDARD LEVEL USER CHARGES

Mr. COUGHLIN. On page 7, your standard level user charges increase by more than 50 percent, from $1.536 million to $2.311 million. Why is this? Are your rates going up that significantly or are you using more space?

Ms. STEED. In general, let me say that we are not using more space. Those are all rate increases. Barbara you might want to talk, just a moment, about the square footage per staff for the rate.

Mrs. KERNAN. Not only are we not using more space; we are in some cases using less space in our regions. The rise is only because of the rise in the rate that GSA must charge us to approximate commercial rates for services, as a result of amendments to the Public Buildings Act.

Our rates are going, at headquarters, from $16.41 a square foot to $25.55 a square foot, and that is the sole reason the budget is rising. That is a 56 percent rise in the rate that we are paying for the same headquarters space.

Mr. COUGHLIN. What is your actual square footage per employee for your headquarters and your field offices, and how does that compare to GSA's standard?

Mrs. KERNAN. Right now, our square footage at headquarters is about 147 square feet per person. In the regions it is somewhat higher. Both of those figures are in the GSA guidelines. The GSA guidelines are currently 135 square feet per person plus a supplemental allowance that GSA is reviewing, that is going to allow some additional square footage per person.

When those rates are finalized by GSA, we feel that we will be well within those limitations.

Mr. COUGHLIN. Please update the SLUC table on page 502 of last year's hearing record by adding a fiscal year 1987 column.

Mrs. KERNAN. I will be happy to.

[The information follows:]

STANDARD LEVEL USER CHARGE

	Fiscal Year 1983		Fiscal Year 1984		Fiscal Year 1985		Fiscal Year 1986		Fiscal Year 1987 estimated	
	Headquarters	Regional Offices	Headquarters	Regional Offices	Headquarters	Regional Offices	Headquarters	Regional Offices	Headquarters	Regional Offices
Total square feet	126,045	34,839	124,438	32,543	122,818	31,704	122,342	31,704	122,342	30,858
Square feet per employee	214	(1) 314	170	(1) 209	173	(1) 198	147	(1) 182	147	(1) 176
Average SLUC rate per square foot	$14.12	$9.61	$17.21	$9.86	$16.31	$10.75	$16.39	$10.56	$25.49	$11.12

(1) GSA Regions classify conference rooms, reception areas, storage, etc., as office space in the SLUC billing process. NHTSA estimates that, as leases expire, office space in regional offices excluding such areas will approximate 135 square feet per employee.

TRAVEL AND TRANSPORTATION OF PERSONS

Mr. COUGHLIN. Please update the travel expenses information appearing on page 503 of last year's hearing record. Please break these figures out by operations and research and section 402 funding sources.

[The information follows:]

[In thousands of dollars]

	Fiscal year—			
	1984	1985	1986	1987
Budget Activities/Staff Offices:				
Rulemaking programs	$70	$57	$53	$57
Enforcement programs	90	77	77	77
Highway safety programs:				
Headquarters	179	160	153	176
Regional Offices	280	253	235	253
Presidential Commission on Drunk Driving	14			
Safety belt usage programs	85	73	50	80
Subtotal, Highway Safety Programs	558	486	438	509
Research and Analysis	177	154	134	154
Office of the Administrator:				
Administrator/Deputy	40	30	24	24
Civil Rights	3	5	5	5
Chief Counsel	12	9	7	9
Executive Secretariat (Advisory Committee)	85	42	24	24
Public and Consumer Affairs	17	20	17	20
Subtotal, Office of the Administrator	157	106	77	82
General Administration:				
Plans and Programs	11	6	9	9
Administration	12	13	11	11
Subtotal, Administration	23	19	20	20
Change of Station	10	14	14	14
Total, travel and transportation of persons	1,085	913	813	913
Funding Derivation:				
Operations and Research Funding	995	823	723	823
Section 402 Funding	90	90	90	90

OVERSEAS TRAVEL

Mr. COUGHLIN. Please also update for the record the material on overseas travel beginning from the date of last year's submission found on pages 503 and 504 and continuing to date.

[The information follows:]

NHTSA OVERSEAS TRAVEL FROM APRIL 1985 TO MARCH 1986

APRIL 1985

One person went to the Netherlands for seven days to represent NHTSA at a U.S./Dutch Cooperation Program Review meeting. The cost $1,736.00.

MAY 1985

One person went to Spain for five days to attend meetings of the International Standards Organization (ISO) meeting on Accessibility of Vehicles to the Physically Handicapped. The cost $1,616.00.

JUNE 1985

One person went to England and Germany for six days to (a) attend the Tenth International Conference on Experimental Safety Vehicles (ESV), and (b) visit Volkswagen Headquarters. The cost $1,082.00.

One person went to France and England for 12 days to (a) chair the Organization for Economic Co-operation and Development Working Group Meeting on the Effectiveness of Safety Belt Use Programs, and (b) serve as Technical Chairman of the Tenth ESV Conference. The cost $1,737.00.

One person went to England for 15 days to participate in (a) the Tenth ESV Conference and (b) technical discussions with car manufacturers on restraint issues. The cost $3,326.00.

Two persons went to England for nine days to attend and participate in the Tenth ESV Conference. The cost $2,787.00.

One person went to Sweden and England for 15 days to (a) attend International Research Committee on Biokinetics of Impacts (IRCOBI) Conference and Head Injury Workshop, and (b) attend Tenth ESV Conference. The cost $2,642.00.

One person went to England and West Germany for 14 days to (a) attend Tenth ESV Conference, and (b) discuss technical programs and research activities with European crash avoidance specialists. The cost $1,478.00.

One person went to England and Germany for eight days to (a) attend the Tenth ESV Conference, and (b) visit Volkswagen to discuss vehicle safety. The cost $1,107.00.

One person went to Switzerland for 12 days to attend and participate in the work of the committee to establish the agenda and policy items in the program of work of the 76th Session of the Group of Experts on the Construction of Vehicles. The cost $1,508.00.

OCTOBER 1985

One person went to Switzerland and France for ten days to (a) attend and participate in the 77th Session of the Group of Experts on Construction of Vehicles, and (b) visit Renault and Peugeot Headquarters to discuss recent development in vehicle safety. The cost $1,626.00.

One person went to Switzerland for 13 days to attend and participate in the work of the committee to establish the agenda and policy items in the program of work of the 77th Session of the Group of Experts on the Construction of Vehicles. The cost to NHTSA was $453.00. The State Department paid $1,667.00.

JANUARY 1986

One person went to West Germany and Switzerland for five days to (a) visit Mercedes-Benz to discuss dummy development, and (b) serve as U.S. Delegate at the 18th Session of the Group of Rapporteurs in Geneva. The cost to NHTSA was $184.00. The State Department paid $1,239.00.

MARCH 1986

One person went to Switzerland for 14 days to attend and participate in the work of the committee to establish the agenda and policy items in the program of work of the 78th Session of the Group of Experts on Construction of Vehicles. The cost to NHTSA was $610.00. The State Department paid $1,811.00.

Overseas travel performed by NHTSA employees for other Federal agencies and paid for entirely by those agencies is excluded.

The total NHTSA cost for overseas travel from April 1985 to March 1986 was $21,892.00.

TWENTY-FIVE LARGEST CONTRACTORS

Mr. **Lehman**. Please provide for the record an update of the information on the 25 largest contractors found on page 506 of last year's hearing record.

[The information follows:]

NHTSA 25 LARGEST DOLLAR VALUE CONTRACTORS IN FY 1985

RANK	CONTRACTOR	NUMBER OF CONTRACT ACTIONS *	TOTAL DOLLARS
1	Boeing Computer Services, P. O. Box 24346, Seattle, WA 98124	11	2,177,950
2	National Con-Serv Inc., 451 Hungerford Drive, Rockville, MD 20850	2	1,451,808
3	Kimley-Horn Research Institute, 4763 S. Conway Rd., Orlando, FL 32812	10	1,294,927
4	Calspan Corp., P.O. Box 400, Buffalo, N.Y. 14225	17	1,080,726
5	Automated Sciences Group, Inc., 700 Roeder Road, Silver Spring, MD 20910	8	1,069,034
6	ABT Associates, Inc., 55 Wheeler Street, Cambridge, MA 02138	3	932,626
7	Systan, Inc., 343 Second Street, Los Altos, CA 94022	1	786,761
8	CRC Systems, Inc., 4020 Williamsburg Court, Fairfax, VA 22032	4	770,167
9	KLD Associates, Inc., 300 Broadway, Huntington Station, NY 11746	11	658,500
10	Mobility Systems & Equipment Co., 6151 W. Century Blvd., Los Angeles, CA 90045	13	545,187
11	Office Technology Plus, 18th & F Streets, NW., Washington, DC 20405	25	540,402
12	Northwestern University, 405 Church Street, Evanston, IL 60204	5	501,131
13	The Advertising Council, Inc., 1730 Rhode Island Avenue, NW., Washington, DC 20036	2	496,380
14	Pennsylvania Department of Transportation, 5030 Walnut Street, Phil., PA 19106	3	492,367
15	S.W. Morris & Company, 7517 Hackamore Drive, Potomac, MD 20854	1	471,325
16	University of Kansas, 220 Strong Blvd., Lawrence, KS 66045	1	464,362
17	Computer Data Systems, 7315 Wisconsin Avenue, Bethesda, MD 20014	3	440,000
18	Southwest Research Institute, 6220 Culebra Road, San Antonio, TX 78284	14	434,638
19	Wang Laboratories, Inc., 1 Industrial Avenue, Lowell, MA 01851	20	427,179
20	Advanced Systems Development, Inc., 962 Wayne Avenue, Silver Spring, MD 20710	16	398,767
21	Chi Associates, Inc., 2045 N. 15th Street, Arlington, VA 22201	10	348,229
22	University of Michigan, 260 Administration Bldg., Ann Arbor, MI 48109	9	331,452
23	Texas A&M Research Foundation, Box 3578, College Station, TX 77843	5	329,045
24	Corporate Tech Plan, 275 Wyman Street, Waltham, MA 02154	6	315,613
25	Breed Corporation, 170 Beaver Brook Road, Lincoln, NJ 07035	3	307,041
		Grand Total	$ 17,065,617

* New contracts and funding modifications.

OTHER PERSONNEL COMPENSATION

Mr. COUGHLIN. Please explain the 44 percent increase in "other personnel compensation" on page 7, from $119,000 to $171,000.

Mrs. KERNAN. Adele, can you? I am going to need help on that.

Mr. COUGHLIN. If you don't know you can do that for the record.

Ms. KERNAN. We have to do that for the record; fine.

[The information follows:]

The increase of $52,000 in fiscal year 1987 is required to finance Performance Management Recognition System Cash awards for employees in the General Management employment series who achieve a rating of either Highly Satisfactory or Outstanding. This requirement is mandated by Title II of the Civil Service Retirement Spouse Equity Act of 1984, effective October 1, 1984.

TRANSPORTATION OF THINGS

Mr. COUGHLIN. Please also explain the 185 percent increase in "transportation of things" over two years as reported on page 7.

[The information follows:]

The principal costs financed under this expense category are shipment of employee household effects, pursuant to permanent change of station, and movement of equipment purchased under the contract program to different contractor sites. An example of the latter would be the transfer of equipment, which is not outmoded, from a former to a new contractor engaged in similar research endeavors.

The projected increases in fiscal years 1986 and 1987 result from a change in accounting procedures whereby the costs of transferring equipment purchased under the contract program are recorded under Transportation of Things rather than the Other Services object classification. This represents a reclassification of expenditures rather than a true budget increase.

OTHER RENT, COMMUNICATIONS AND UTILITIES

Mr. COUGHLIN. Please also explain the reason you are able to achieve an 18 percent decrease over two years for "other rent, communications, and utilities" as reported on page 7.

[The information follows:]

Requirements for this category decreased from $836 thousand in fiscal year 1985 to $683 thousand in fiscal year 1987. The decrease of $153 thousand was attributable to an across-the-board reduction in administrative budget requirements assessed by OMB in fiscal year 1986.

Over one half of the reduction ($82 thousand) was achieved through strengthening of management controls to monitor the placement of telephone calls through the Federal Telecommunications System. The balance of the reduction was achieved by careful scrutiny of postal requirements, hotline costs and rental of office equipment.

RULEMAKING OPERATING EXPENSES

Mr. COUGHLIN. Please update for the record the material on rulemaking operating expenses on page 507 of last year's hearing record by adding a fiscal year 1987 column.

[The information follows:]

[In thousands of dollars]

	Fiscal year—		
	1985	1986	1987
Training	15	([1])	([1])
Computer Support	117	96	125

[In thousands of dollars]

	Fiscal year—		
	1985	1986	1987
Administrative services, (standard level user charges, communications, utilities, supplies, materials, and equipment)	762	360	615
Total	894	456	740

[1] Training is funded from a centralized account under the General Administration budget activity for fiscal year 1986–fiscal year 1987.

QUICK REACTION TESTING CONTRACTS

Mr. COUGHLIN. Please update for the record the detailed breakdown of quick reaction testing contracts as shown on pages 507 and 508 of last year's hearing record by adding a listing of the fiscal year 1986 contracts to date.

[The information follows:]

FISCAL YEAR 1986

Contract Title	Contractor	Amount
Safety and economic impact assessment of requiring wider axles on 102" trailers; for rulemaking support in response to a petition by the International Brotherhood of Teamsters	Transportation Research Center (TRC) of the U.S. Department of Transportation	$45,000
Seat belt fitting procedures -- Phase II; for Federal Motor Vehicle Safety Standard (FMVSS) 208 rulemaking support	Vehicle Research & Test Center (VR & TC) -- NHTSA	37,400
Spray tunnel repeatability and reproducibility project; for rulemaking support	Systems Technology, Inc.	65,514
Truck aerodynamic device survey; for splash and spray rulemaking support	Corporate Tech Planning, Inc.	20,170
Crash and sled test for Federal Motor Vehicle Safety Standard (FMVSS) 208 and Hybrid III, Part 572; for rulemaking support in response to a General Motors petition	Vehicle Research & Test Center (VR & TC) -- NHTSA	100,000
Side door hinge and latch assembly upgrade; for Federal Motor Vehicle Safety Standard (FMVSS) 214 rulemaking support	Chi Associates	12,500
TOTAL		$280,584

RULEMAKING CONTRACT PROGRAM REQUIREMENTS

Mr. COUGHLIN. On page 26, you have essentially requested the full restoration of your March 1st Gramm-Rudman-Hollings cut for your rulemaking contract program.

Why cannot you absorb some of the 4.3 percent reduction in this area?

Mr. FELRICE. Well, Mr. Chairman, we think that the contract program in the rulemaking area is a "bare bones" budget as is, and represents important priorities to the agency.

This money basically deals with current rulemakings where we have issued an NPRM, or are about to, and need some last minute either supplemental research or supplemental testing to address somebody's comment in the rulemaking.

We do not feel that that budget can be cut any more than it is, and therefore, it was decided to maintain a constant level of expenditures in the rulemaking contract area, to be able to answer the questions that we have to deal with during rulemaking.

INTERNATIONAL HARMONIZATION ACCOMPLISHMENTS

Mr. COUGHLIN. For the last several years you requested funds for international harmonization activities based on your plans to step up efforts to develop international standards.

We were told this would help our domestic manufacturers. What have you accomplished in the last two years in this area?

Ms. STEED. We have made great progress in the harmonization area, Mr. Coughlin. First and foremost, we have established a Director of international harmonization that reports directly to me in the Administrator's office, and I think for the first time, the European countries are taking us seriously, as players in international harmonization. We are participating a great deal more, both in regulatory changes that Europe would like to make, and in making sure that our rulemakings are taken into consideration by the Europeans.

As far as specifics, we have made real progress in incorporating our glazing standards into the ECE standards. We have had a major push on lighting, on things like mounting height for headlamps, and the brightness for turning signals, and so forth. The Controls and displays rule has been completely harmonized with the Europeans.

We undertook a major effort to harmonize, worldwide, the braking standards, and braking test procedures which we hope to finish up later this year.

As far as where we are going in the future, I think the efforts will be in the brake area, and trying to work more closely perhaps with Japan, because we are making great progress with the Europeans, and we need to concentrate on working with the Japanese also.

Mr. COUGHLIN. Have the Japanese been cooperative in this area?

Ms. STEED. Recently, they have started being very cooperative. We have had a number of meetings, bilateral discussions—with those folks. And they also participate in the ECE discussions.

INTERNATIONAL HARMONIZATION GOALS AND OBJECTIVES

Mr. COUGHLIN. Provide for the record a description of the progress made in fiscal year 1985 to date on harmonized standards similar to what appears on page 509 of last year's hearing record, and give us your goals and objectives for the remainder of fiscal year 1986 and for fiscal year 1987.

[The information follows:]

From the beginning of fiscal year 1985 to date, the following has been accomplished in our efforts to achieve harmonization of Federal Motor Vehicle Safety Standards (FMVSS) and the motor vehicle standards of the Economic Commission for Europe (ECE).

Participated in the scheduled meetings of Working Party 29 of the ECE which is the group responsible for developing and modifying the ECE standards. These, in turn, are adopted by the member countries.

Actively and substantively participated in the reorganization of Working Party 29 and the review of its program of work and priorities to reduce cost of U.S. representation and increase efficiency and effectiveness.

Began bilateral discussions with Japanese government to realize potential for harmonization of U.S./Japan motor vehicle regulations.

Hosted and participated in a meeting of the International Standards Organization (ISO) committee on glazing which is developing tests for new and emerging glazing concepts for use in motor vehicles, such as glass-plastic glazing. The agency introduced a proposed test procedure for measuring the anti-lacerative properties of glazing and this proposal is now under active consideration by the committee.

Achieved the acquisition of comments by the Group of Rapporteurs on Brakes and Running Gear of the ECE concerning the agency's notice of proposed rulemaking on the establishment of a harmonized standard for passenger car brakes.

Supported establishment of a proposed ECE regulation requiring rear-view mirrors on motorcycles. The requirements of the regulation would be practically identical to those of FMVSS No. 111, Rear-View Mirrors.

The goals and objectives of fiscal year 1986 include the following:

Complete the review and analysis of comments to the agency's proposal for a harmonized passenger car brake standard. Conduct additional testing in response to issues raised in those comments in support of an anticipated supplementary notice on harmonized passenger car brake requirements.

Participation in the scheduled meetings of WP-29 and its sub-groups.

Continued support for and pursuance of U.S. proposals to modify ECE regulations in the lighting area and initiation of proposals to accomplish harmonization of low beam headlight requirements.

Conduct tests of European side-impact test barrier and dummy in furtherance of harmonization of side impact protection requirements for passenger cars.

For fiscal year 1987, we anticipate testing and analysis in support of proposals for harmonization of light truck and heavy truck brake provisions. Further work on harmonization of lighting requirements especially headlamps, and continued testing of European test devices in support of harmonized test procedures in side-impact protection requirements are anticipated for FY 1987. Also, continued analysis and possible testing in support of appropriate test procedures for new and emerging glazing concepts and in support of proposals for harmonization of seat belt anchorage systems are planned.

INTERNATIONAL HARMONIZATION FUNDING REQUIREMENTS

Mr. COUGHLIN. Please also provide for the record a breakdown of fiscal year 1985, 1986, and 1987 funding for your international harmonization effort.

[The information follows:]

The estimated breakdown of the expenditure of these funds is as follows:

Fiscal year 1985:

Estimate of costs, weights, and leadtimes pertaining to the most promising high volume antilock brake systems to support anticipated harmonization proposals in passenger car brake systems.	$100,000
Support for a meeting of the International Standards Organization (ISO) committee on glazing engaged in developing tests for new and emerging glazing concepts such as glass-plastic glazing.	7,000
Mass and dimensional characterization of the Hybrid III dummy for use in mathematical model simulation. The Hybrid III is a candidate test device under consideration by the International Standards Organization (ISO) for use in crash testing in the U.S., Europe and Japan.	50,000
Testing of European and U.S. heavy truck braking systems in support of anticipated proposals for harmonization of heavy truck regulations.	93,000
Total	$250,000

Fiscal Year 1986:

Further testing to proposed harmonized passenger car brake test procedures to respond to issues raised in comments to agency proposals.	50,000
Testing of European barrier and dummy in support of proposals to harmonize side impact test procedures.	100,000
Testing and analysis in support of proposals to harmonize requirements for seat belt anchorages.	40,000
Testing and analysis in support of proposals aimed at achieving harmonization of low beam headlighting.	60,000
Total	$250,000

Fiscal Year 1987:

Testing and analysis in support of harmonization proposals in the side impact protection for passenger cars.	$100,000
Further testing in support of proposals for a harmonized low beam headlighting.	50,000
Testing to support anticipated notice of further proposals in car brake harmonization.	100,000
Total	$250,000

RULEMAKING ADP REQUIREMENTS

Mr. **Coughlin**. On page 26, why do you propose reducing funding by 47 percent from last year's enacted level for ADP services, from $190,000 to $100,000?

Ms. **Steed**. This is ADP services in rulemaking. Barry.

Mr. **Felrice**. The simple answer is that I think we are getting more efficient, Mr. Chairman, so we do not need the expenditures.

Most of the money, in the past, has gone for timesharing purchase. It is also used to purchase hardware, computers for the rulemaking staff, software to use on those computers, maintenance of the hardware. But over the last few years we have been transferring a lot of our activity to the office itself; that is, we do not need contractural support in a lot of our data analyses.

So with the purchase of computers for rulemaking, we find we can cut, essentially, our time-sharing budget by a significant amount, and that is why we do not think we need more than the $100,000 in 1987, even though it is half of what we had originally asked for in 1986. We will be able to make do because we are doing it in-house right now.

NEW CAR ASSESSMENT PROGRAM ACCOMPLISHMENTS

Mr. **Coughlin**. On page 23, you are requesting $750,000 to continue the new car assessment program. In the past, there have been complaints about the length of time NHTSA has taken to conduct crash tests and publish crash test results.

You have greatly improved the timeliness of these tests over the last several years. But you still have been somewhat slow in getting the information out to consumers. Your plans called for testing 40 cars in 1985. How well did you do, and when were the results published?

Ms. **Steed**. Those 40 cars were intended to be 30 cars in the regular program, and 10 cars to be crashed in a different testing configuration with a moving barrier.

We tested all thirty and we got the results out much more quickly then ever before. I think the last press release, which covered about nine vehicles, was done in August of last year. So we are speeding the process up and we are getting the information out to the public more quickly.

In 1986, we are again intending to do about 30 vehicles, and we have gotten the first press release on the first test results out of the way.

Mr. **Coughlin**. What happened to the other ten cars?

Mr. **Felrice**. We had some contractural delays, and we purchased the cars last year and were ready for testing, but the barrier that we were going to smash into this car was not available. We could not get materials from the supplier for the barrier. So we had to wait until early this year, and at the same time, we had begun testing the 1986 models, and we felt the more important to get timely releases on the 1986 models, so we delayed the extra ten from 1985 until after we finished the 1986 models.

But we should complete all our testing of the 30 1986 models probably by the end of April; right after that, since it is the same contractor, we will be going back and doing this moving barrier testing on the 1985 models, the ten cars.

NEW CAR ASSESSMENT TEST COSTS

Mr. COUGHLIN. Could you provide for the record the cost of testing those ten cars.

Mr. FELRICE. Certainly.

[The information follows:]

The costs of conducting ten frontal crash tests using a deformable moving barrier are as follows:

Purchase and deliver 10 new Model Year 1985 passenger cars to the test contractor	$118,317
Conduct 10 crash tests, including the cost of replacing the deformable material used on the front of the moving barrier after each test, and provide appropriate test data, test films, and test reports	163,802
Total	282,119

NEW CAR ASSESSMENT PROGRAM TESTING LEVELS

Mr. COUGHLIN. Please provide for the record a breakdown of the new car assessment program similar to what appears on pages 510 and 511 of last year's hearing record by adding a 1986 column.

Please also update the narrative in that submission on cost and timeliness, and also include the goal you have for the date by which all 1986 NCAP results will be published.

[The information follows:]

The following breakdown of the New Car Assessment Program (NCAP) for Model Years 1982, 1983, 1984, 1985 and 1986 shows the number of vehicles tested by body style.

NUMBER OF VEHICLES TESTED AND RESULTS RELEASED/PLANNED

	1982	1983	1984	1985	1986
Passenger cars:					
Sedans/coupes	23	11	25	19	22
Station wagons		3	6	3	2
Convertibles	1		2	1	
Light Trucks:					
Pickup truck		1	2	1	1
Vans			2	3	3
Multipurpose vehicles		2	1	3	2
Vehicles to be tested with moving barrier				10	
Totals	24	17[1]	38	40	30

[1] Actually, 22 vehicles were tested but four were invalidated because test procedures were not followed, and 1 vehicle was retested.

Many vehicle models are carried over several years. Thus information acquired on a model remains valid through subsequent years until that model undergoes a major change. New models are also introduced each year in the U.S. marketplace. (New models are those which are either completely new or are structurally different from predecessors.) The NCAP includes the high volume sellers of the new models in the test program each year. In percentage terms, approximately 75 percent of the new models introduced in the marketplace each year are tested in the NCAP. In the past few years, the agency has begun testing several new classifications of vehicles - stations wagons, pickup trucks, vans, and multipurpose vehicles. These vehicles were included in the NCAP in order to expand the coverage to vehicles that were becoming popular in the marketplace.

As part of the agency's continuing effort to provide more useful crashworthiness information to consumers, the 1985 NCAP included a different type of crash test for 10 additional vehicles, the models being selected from the list of 30 vehicles tested in 35 mph frontal fixed barrier crashes. The additional testing was planned to use a deformable moving barrier to better assess the role of vehicle weight and structure in occupant crash protection. Due to delays in obtaining the necessary materials for the deformable portions of the moving barrier, the testing is scheduled to be conducted in the spring of 1986.

In the early years of NCAP, the publication of test results was a slow process. For the 1984 NCAP, more efficient agency operations, with respect to test vehicle availability and contractor management, allowed more vehicles to be tested with the test results being published sooner than in any prior years. For example, the first release of data for 1984 occurred in February, the earliest date in the program, and all data were released during the model year, the first time that had been accomplished. The 1985 NCAP was even more timely than the 1984 program, in that the final 1985 test results were published in August 1985. The 1986 program is planned to be completed in July 1986.

Test costs include the cost of the vehicle, the cost to calibrate the anthropomorphic test devices, and the cost to perform the fixed barrier test. Through 1984, vehicle costs averaged $8,000, while the actual testing cost approximately $12,000, for a total test cost of $20,000. Based on this average cost, total cost for the 1982 NCAP, in which 24 vehicles were tested, was $480,000.

Total cost for the 1983 NCAP was $340,000 (17 x $20,000). NHTSA tested 38 vehicles in its 1984 program (six of which were carryovers from the 1983 NCAP), at a cost of $760,000 (38 x $20,000). For the 1985 NCAP, the costs of vehicles and testing increased slightly, and the total cost of a crash test was approximately $22,000. The 1985 NCAP cost was $880,000 (40 x $22,000). The 1986 costs are expected to be $660,000 (30 x $22,000).

NEW CAR ASSESSMENT PROGRAM CRASH RESULTS

Mr. **Coughlin**. Please also provide for the record a complete set of the graphs of HIC levels and a listing of crash test results that have been compiled for all 1985 cars and trucks.

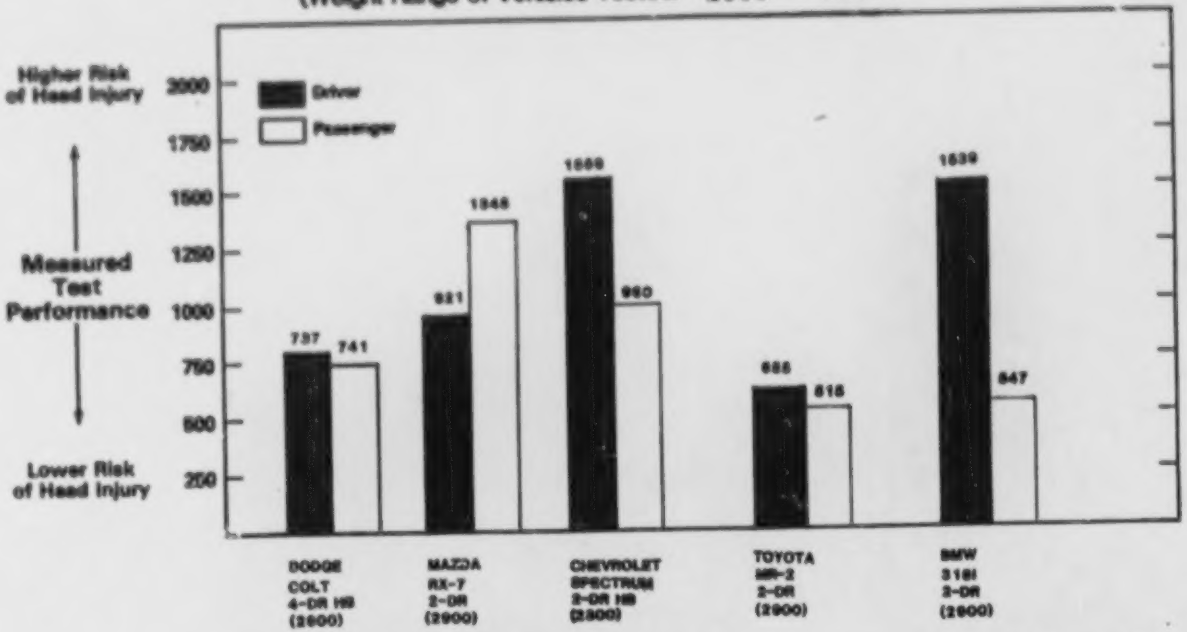
[The information follows:]

Attached is a complete set of bar charts showing the Head Injury Criterion (HIC) results for the 30 vehicles tested in 35 mph fixed barrier impacts in the 1985 New Car Assessment Program (NCAP). Also attached is a tabulation of the complete test results for each 1985 NCAP test. The table provides the vehicle description, test dummy injury measure for head, chest, and femurs, and whether the vehicle meets the performance requirements of FMVSS No. 212, "Windshield Retention," FMVSS No. 219, "Windshield Intrusion," and FMVSS No. 301, "Fuel System Integrity."

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 SUBCOMPACT CARS (1)

(Weight Range of Vehicles Tested: 2000 - 2900)

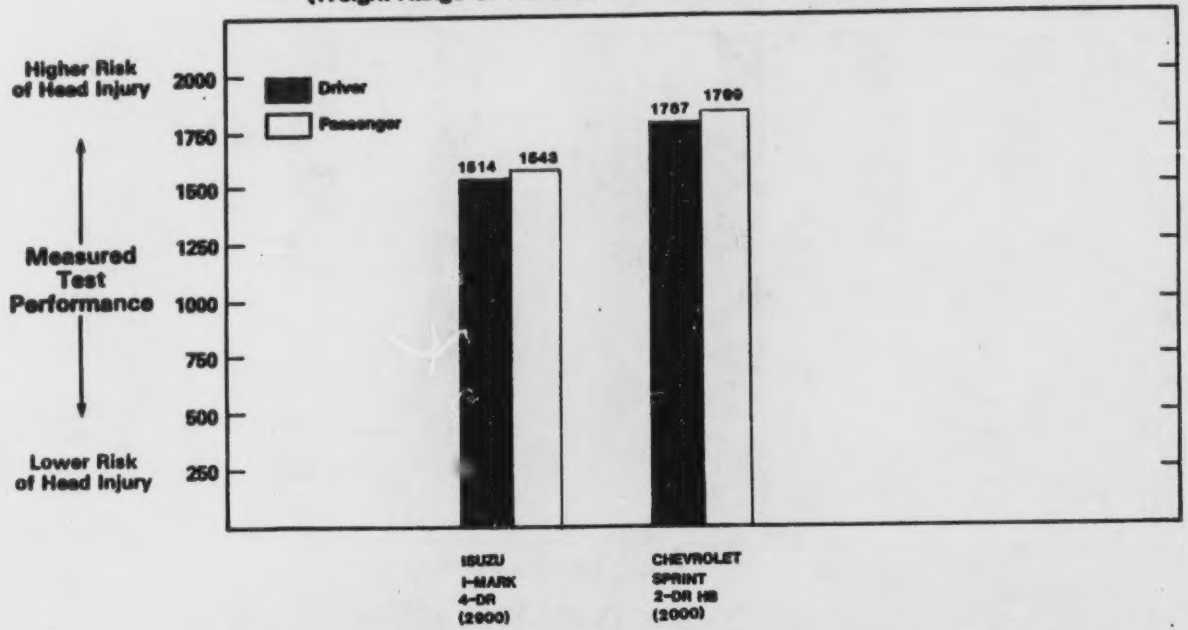


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 SUBCOMPACT CARS (II)

(Weight Range of Vehicles Tested: 2000 - 2900)

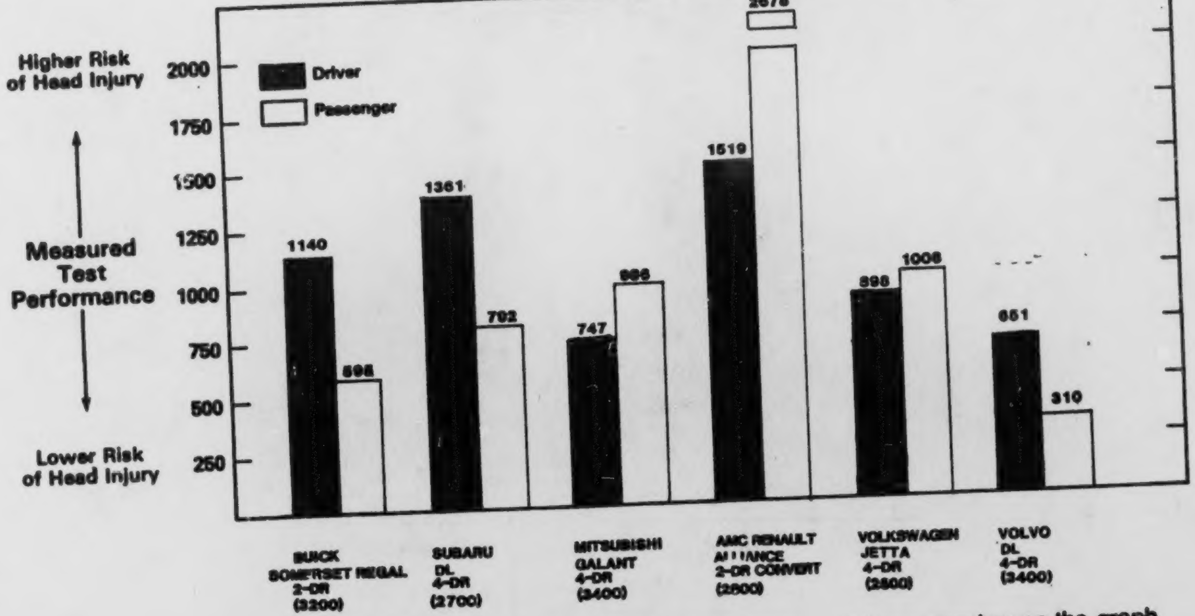


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests New Car Assessment Program

1985 COMPACT CARS (I)

(Weight Range of Vehicles Tested: 2700 - 3700)

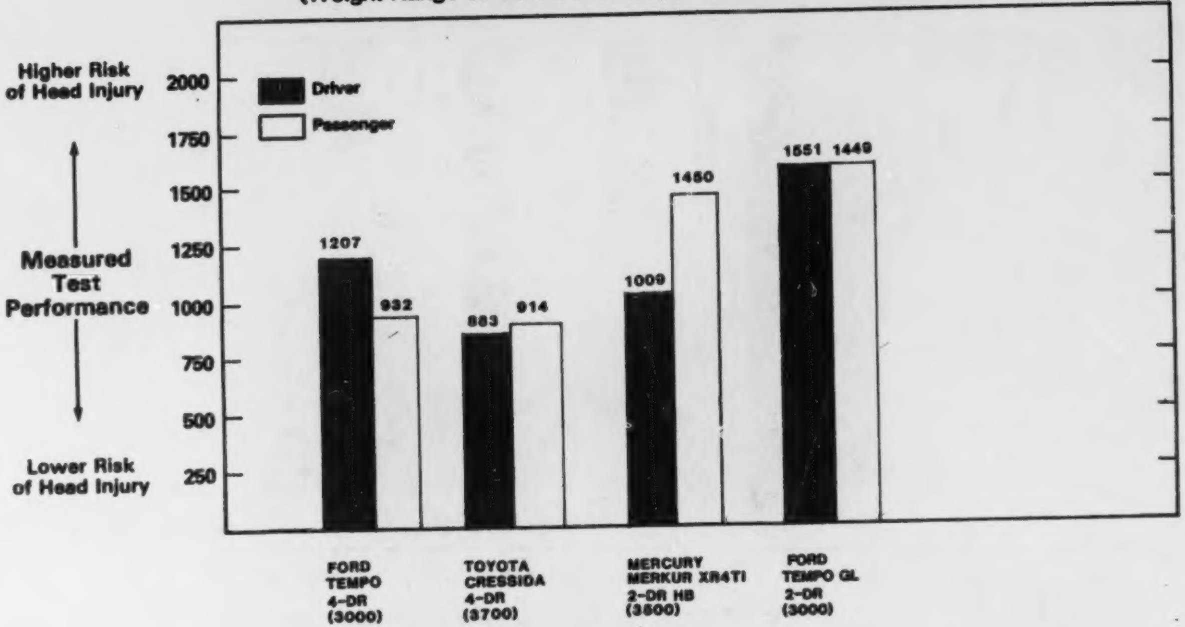


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 COMPACT CARS (II)

(Weight Range of Vehicles Tested: 2700 - 3700)

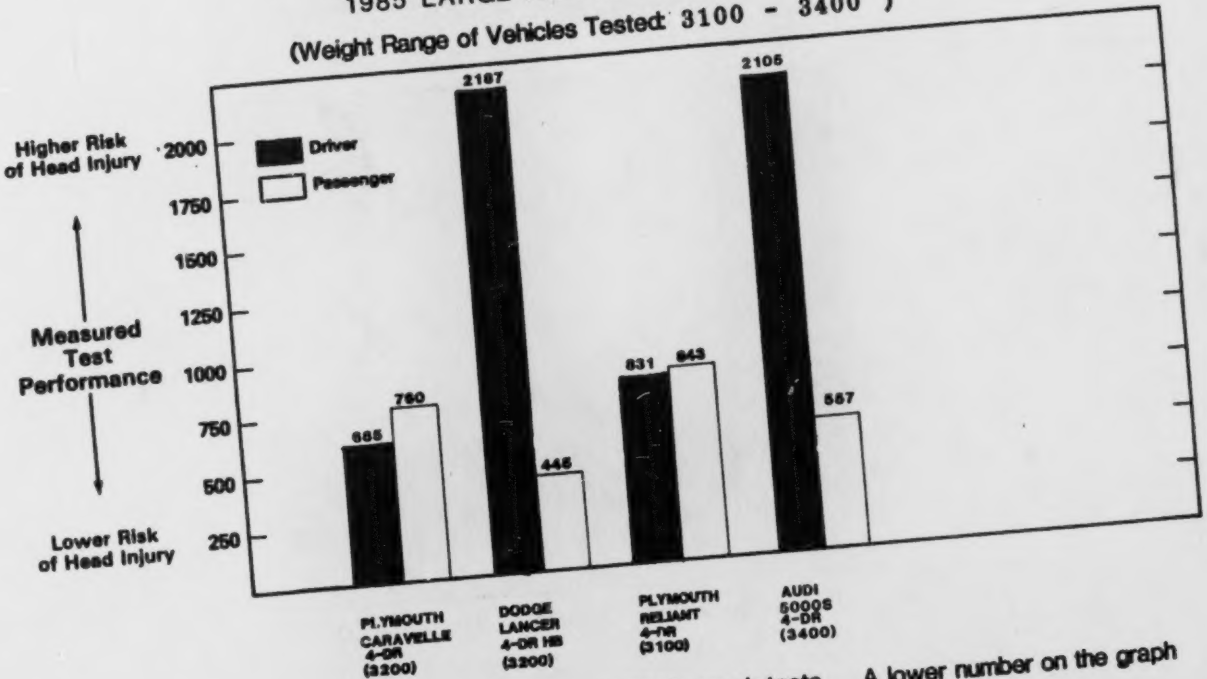


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 LARGE AND MID-SIZE CARS

(Weight Range of Vehicles Tested: 3100 - 3400)

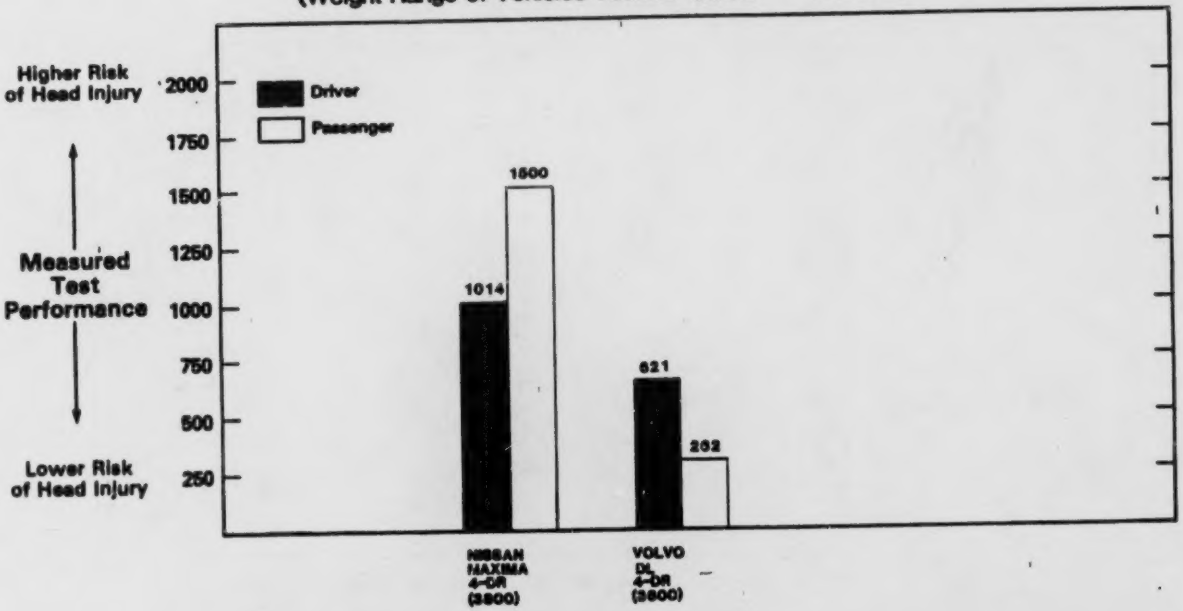


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests New Car Assessment Program

1985 STATION WAGONS

(Weight Range of Vehicles Tested: 3600 - 3800)

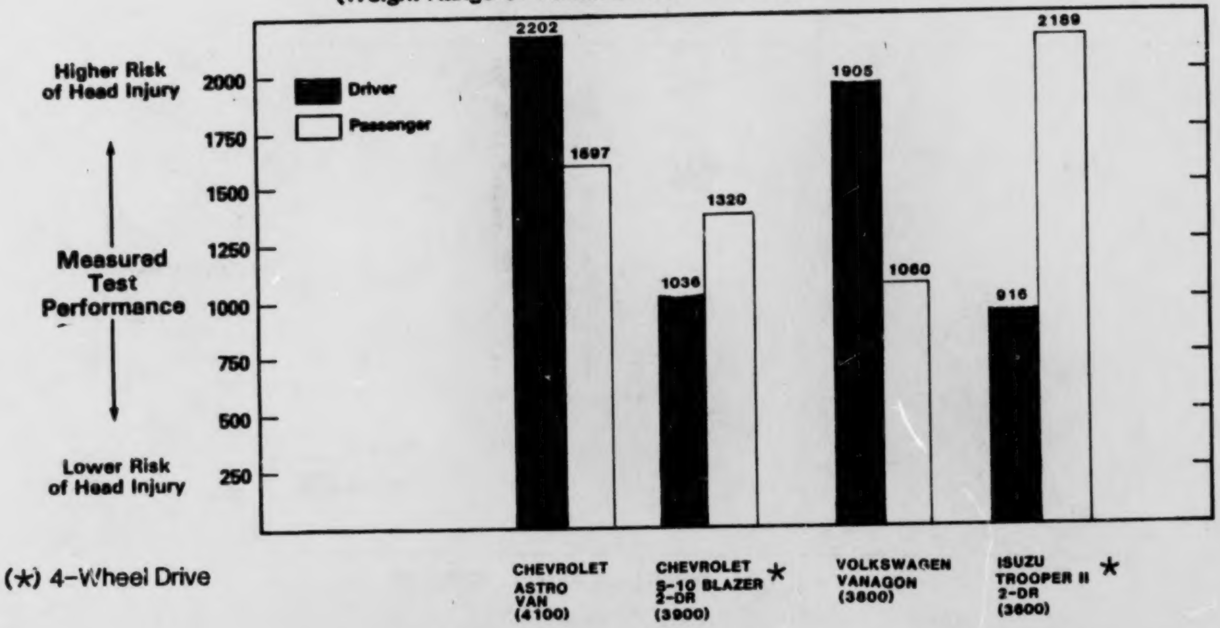


This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 TRUCKS (I)

(Weight Range of Vehicles Tested: 3100 - 5200)



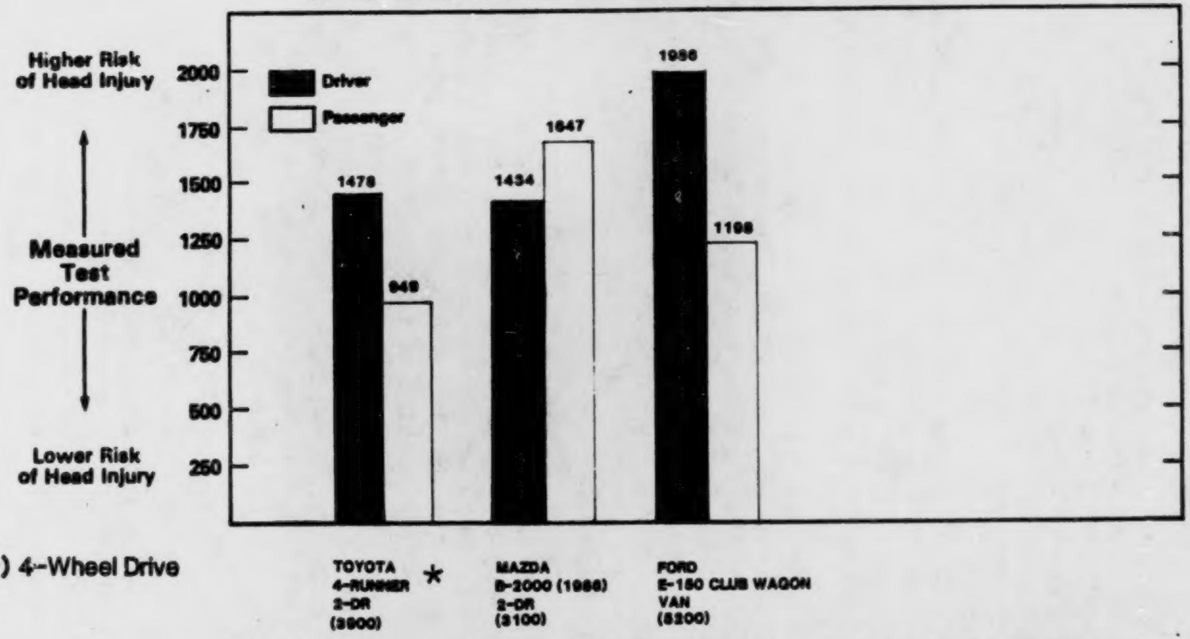
(*) 4-Wheel Drive

This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

Head Injury Levels During Crash Tests
New Car Assessment Program

1985 TRUCKS (II)

(Weight Range of Vehicles Tested: 3100 - 5200)



(*) 4-Wheel Drive

This graph shows results from NHTSA's crash tests. A lower number on the graph means a lower level of potential head injury.

REPEATED CRASH TESTS

Mr. **Coughlin**. Last year, we discussed the fact that several 1984 cars had unusually high crash test scores. For instance, even though all cars meet Federal safety standards, the Ford Tempo scored 2,955 for the driver which was 44 percent higher than any other car, and almost 200 percent higher than the 1,000 rating that is the maximum threshold above which more serious head injuries could occur.

Similarly, the Isuzu Impulse was rated at 2,454 and the Nissan Stanza was rated at 2,216 for the passenger sides, which are both over double the 1,000 point threshold.

You told us Ford asked you to re-test the Tempo as a result of this test.

What scores did it receive in the new test?

Mr. **Felrice**. Well, we actually tested two 1985 versions of the Ford Tempo. We did a four-door model as well as a two-door model, and we found significant improvements in the driver protection.

You mentioned the original 1984 tests had a head injury criterion of 2,955. For the four-door 1985 Tempo that was reduced to 1,207, and for the two-door version, it was 1,551. So we saw a 50 or an 80 percent——

Mr. **Coughlin**. Was this a redesign or was this——

Mr. **Felrice**. It was a redesign. Ford rerouted the safety belt in the car; they eliminated a clip which held it against the side of the door, which reduced the amount of forward motion the dummy made before the belt locked up and restrained the dummy. They also put a different kind of ring, a D-ring, where the belt comes down across the dummy, and they also made some steering column improvements.

Mr. **Coughlin**. So you think you have been successful as a result of the tests in having redesigns to improve safety?

Mr. **Felrice**. I think so, yes.

CAR TESTING SCHEDULE FOR 1986

Mr. **Coughlin**. Please provide a listing of the motor vehicles you plan to test in 1986 along with the planned dates you propose to publish test results on each vehicle.

[The information follows:]

Attached is a list of the vehicles scheduled for testing in the 1986 New Car Assessment Program. In all cases, the planned dates for publication of the test results are contingent upon the acquisition, testing and verification of the test data.

1986 NCAP PROPOSED DATES

MAKE	MODEL	TEST FACILITY	ANTICIPATED OR ACTUAL DATE OF VEHICLE TEST	ANTICIPATED OR ACTUAL DATE OF RELEASE OF TEST RESULTS*
BUICK	CENTURY 2DR	CAL	1/16/86	3/12/86
BUICK	CENTURY 4DR	CAL	1/29/86	3/12/86
BUICK	LESABRE 2DR	CAL	2/27/86	MAY 86
BUICK	SKYLARK 4DR	CAL	RETEST	JULY 86
CHEVROLET	CAVALIER 4DR WAGON	MSE	5/07/86	JULY 86
CHEVROLET	NOVA 4DR	CAL	3/20/86	JUNE 86
FORD	TAURUS 4DR	CAL	4/08/86	JUNE 86
HONDA	ACCORD 4DR	TRC	2/24/86	APR. 86
HYUNDAI	PONY EXCEL 4DR	CAL	4/22/86	JUNE 86
HYUNDAI	PONY EXCELL 2DR	CAL	4/24/86	JUNE 86
ISUZU	I-MARK 4-DR	CAL	2/18/86	MAY 86
MAZDA	323 2DR	CAL	1/30/86	3/12/86
MERCURY	SABLE 4DR	CAL	4/10/86	JUNE 86
MITSUBISHI	CORDIA 2DR	MSE	4/30/86	JULY 86
OLDSMOBILE	DELTA 88 4DR	CAL	2/28/86	MAY 86
OLDSMOBILE	TORONADO 2DR	CAL	4/29/86	JULY 86
PLYMOUTH	COLT VISTA 4DR WAGON	CAL	2/20/86	APR. 86
SAAB	9000 4DR	CAL	3/11/86	MAY 86
SUBARU	DL/GL 4DR	MSE	5/14/86	JULY 86
SUBARU	XT 2DR	MSE	5/21/86	JULY 86
TOYOTA	CELICA 2DR	CAL	3/19/86	JUNE 86
VOLKSWAGEN	GOLF 4DR (PASS. BELT)	CAL	4/16/86	JUNE 86
VOLKSWAGEN	SCIROCCO 2DR	CAL	3/14/86	MAY 86
YUGO	GV 2DR	CAL	2/05/86	3/12/86
CHEVROLET	G-20 VAN	TRC	4/09/86	JUNE 86
DODGE	B150 VAN	MSE	4/23/86	JUNE 86
FORD	AEROSTAR VAN	TRC	2/20/86	APR. 86
ISUZU	PUP SPACECAB PICKUP	TRC	2/28/86	APR. 86
JEEP	COMANCHE 4WD MPV	TRC	3/06/86	MAY 86
SUZUKI	SAMURAI4WD MPV	MSE	4/16/86	JUNE 86

TEST FACILITIES: CAL = CALSPAN ADVANCED TECHNOLOGY CENTER
MSE = MOBILITY SYSTEMS AND EQUIPMENT
TRC = TRANSPORTATION RESEARCH CENTER

(*) CONTRACTUAL REQUIREMENTS, AND THE REVIEW AND ANALYSIS BY NHTSA STAFF, DICTATE THE AVAILABILITY OF THE TEST RESULTS APPROXIMATELY SEVEN WEEKS AFTER TEST COMPLETION.

BUMPER INFORMATION PROGRAM SCHEDULE

Mr. **Coughlin**. Please provide for the record an updated timetable for the bumper information program as shown on page 525 of last year's hearing record for calendar years 1986 and 1987.

[The information follows:]

During calendar year 1985 the following tasks were completed in the experimental Consumer Information Program on Bumpers (CIPB):

1. Obtain insurance claims data for low-speed, bumper-involved, front and rear accidents on eight vehicles tested in 1984—January 1985.
2. Test 15 additional vehicles using CIPB test methodology—March 1985.
3. Complete a comparison of the laboratory test results of the first eight vehicles tested with the insurance claims data on these vehicles.—April 1985.
4. Obtain insurance claims data for low-speed, bumper-involved, front and rear accidents on 15 vehicles tested in Task 2.—May 1985.
5. Complete a full comparison of all vehicles tested in the CIPB with insurance claims data.—September 1985.
6. Complete a study of consumer attitudes and preferences with respect to bumper performance information in order to formulate the dissemination aspects of the CIPB.—December 1985.
7. Assess the ability of the CIPB to develop comparative information on bumper performance that is representative of real-world accidents, and that is useful to consumers in their vehicle purchasing decisions.—December 1985.
8. Participate in Insurance Industry for Highway Safety/Motor Vehicle Manufacturers Association Bumper Rating Workshop, at which the results of Task 7 were disseminated.—December 1985.

During calendar year 1986, the following actions have been or will be completed in the CIPB:

1. Publish a *Federal Register* notice requesting public comment on the results of Tasks 5 and 7, as well as other issues surrounding the development of a meaningful consumer information program on bumpers.—January 10, 1986 (51FR1321); comment period closed on February 24, 1986.
2. Review comments to the docket.—May 1986.
3. Additional activities under the CIPB in 1986 and 1987 will depend on the conclusions obtained in Task 2.

PEDESTRIAN PROTECTION RESEARCH

Mr. **Coughlin**. On page 30, you discuss testing and research in the area of "pedestrian protection." What specifically are you looking into in this area, and do you plan any additional rulemaking?

Mr. **Finkelstein**. We have a program that we have been looking at for a number of years, where we have done work a while ago, that appeared that would be promising to soften bumpers, to put better energy management systems in.

As a result of cars changing though, we have reexamined that issue. We have run a number of tests to see what happens on cars that are configured more closely to current designs, meaning lower hoods.

It turns out that the improvement that we were looking at does not work nearly as well. Later this spring, we have five more tests to complete, and we are redesigning the safety system to see whether or not it can be made to work in conjunction with more modern design cars.

ENFORCEMENT ADMINISTRATIVE EXPENSES

Mr. **Coughlin**. Please update the breakdown of enforcement operating expenses and salaries as shown on page 527 of last year's hearing record by adding a fiscal year 1987 column.

[The information follows:]

(In thousands of dollars)

	Fiscal Year		
	1985	1986	1987
Personnel Compensation:			
Permanent positions..............	3,797	3,850	3,936
Other than permanent............	86	52	52
Overtime.........................	9	11	11
Terminal leave...................	26	29	29
Awards...........................	14	16	27
Subtotal......................	3,932	3,958	4,055
Personnel benefits.................	382	399	408
Travel.............................	87	77	77
Operating Expenses:			
Training.........................	26	1/	1/
Computer Support.................	195	160	209
Administrative services, (standard level user charges, communications, utilities, supplies, materials, and equipment).....................	1,184	869	1,182
Subtotal....................	1,405	1,029	1,391
Total......................	5,806	5,463	5,931

1/ Training is funded from a centralized account in the General Administration budget activity for FY 1986 - FY 1987.

ODOMETER INVESTIGATIVE STAFF

Mr. Coughlin. On page 35, you show that you have a staff of five people dedicated to odometer fraud. You have one investigator each in Boston, Atlanta, Kansas City and San Francisco.

What results are these investigators producing and what would be the impact of cutting out these five people?

Ms. Steed. Actually they are doing a good job. They have concentrated on largescale criminal cases. They have really been working with the State officials to do State prosecutions. I will be happy to provide for the record some of the actual significant prosecutions and sentences that we have seen as a result of our program.

If we were to cut back, we would only be able to enforce in small selected areas, and if you concentrate too much in one area the problem seems to shift and move from one State to the other.

We would be unable to support the Justice Department in grand jury investigations, and we could not obtain the type of prosecutions that we are today.

Furthermore, we have started using these four people for our "gray market" modification inspections also, and if we were to cut back we would have to cut back also in the oversight of modifiers.

ODOMETER ENFORCEMENT ACTIVITY

Mr. Coughlin. Please provide for the record a listing of the arrests, convictions, and penalties collected that each of these investigators has produced in fiscal year 1985 and in fiscal year 1986, to date.

[The information follows:]

The following is a summary of odometer enforcement activities during fiscal years 1985 and 1986 to date for each of the four investigators assigned to NHTSA's Odometer Fraud Staff.

Boston.—Fifteen investigations substantiating odometer fraud were completed. Seven of these cases, which involved large scale odometer fraud were referred to the Department of Justice, two cases were referred to State enforcement agencies for action, and the results of the remaining six investigations were provided to the complainants so that they could recover damages through private civil actions. This investigator has also been supporting Federal grand juries in Providence, Rhode Island, and Springfield, Massachusetts, investigating cases completed by NHTSA from 1979 through 1983, which have resulted in four criminal convictions. Sentences in these cases thus far ranged from 6 to 18 months in prison with a total of $155,000 in fines. Additional indictments are anticipated.

Atlanta.—Twnety-two investigations substantiating odometer fraud were completed. Seven of these cases, which involved large scale odometer fraud, were referred to the Department of Justice, six cases were referred to State enforcement agencies for action, and the results of the remaining nine investigations were provided to the complainants so that they could recover damages through private civil actions. To date, the Department of Justice has prosecuted two of the referred cases. One resulted in a sentence of 75 days in prison and a fine of $169,000 and the other resulted in a fine of $15,000 and three years probation for the convicted dealler. One case, which was referred to the Virginia Division of Motor Vehicles for action, resulted in a two prison sentence. This investigator has also been supporting Federal grand juries in Atlanta, Georgia; Chattanooga, Tennessee; Alexandria, Virginia; and Louisville, Kentucky investigating cases completed by NHTSA from 1979 through 1984, which have resulted in 14 indictments and 11 criminal convictions. Sentences in these cases have ranged from 2 months to 10 years in prison with a total of $233,500 in fines. Additional indictments are anticipated.

Kansas City.—Seventeen investigations substantiating odometer fraud were completed. Three cases which involved large scale odometer fraud were referred to the Department of Justice, three cases were referred to State enforcement agencies for action, and the results of the remaining eleven investigations were provided to the complainants so that they could recover damages through private civil actions. One case, which was referred to the Texas Attorney General's Office, resulted in a fine of $65,000. This investigator also assisted the Department of Justice in a jury trail of a case completed by NHTSA in 1981, which resulted in a sentence of 70 days in prison and a fine of $70,000.

San Francisco.—Three investigations substantiating odometer fraud were completed. One case was referred to a State enforcement agency for action, and the results of the remaining two investigations were provided to the complainants so that they could recover damages through private civil actions. One case, which was referred to the Oregon Attorney General's Office, resulted in a fine of $150,000.

As it is virtually impossible for four investigators and staff chief to investigate every instance of odometer fraud, one of the primary goals of NHTSA's odometer enforcement program is to ensure aggressive enforcement of State odometer statutes by State and local enforcement agencies. In addition to the investigative activities cited above, each investigator works very closely with State enforcement agencies providing assistance and guidance and encouraging cooperation between State agencies in the investigation and prosecution of odometer fraud. They participate in Regional and Naitonal odometer enforcement conferences which offer opportunities for the exchange of intelligence information and techniques for investigating and prosecuting odometer fraud.

COMPLIANCE TESTING

Mr. COUGHLIN. How many safety standards were selected for compliance testing in fiscal year 1985? How many will be tested in fiscal year 1986 and how were these numbers chosen?

[The information follows:]

In fiscal year 1985, 21 safety standards were selected for compliance testing, and 22 safety standards were selected in fiscal year 1986. The following criteria are used to select which safety sandards are included in the compliance test program: new standards, amendments to existing standards, high failure rate history, standards of significant interest to consumers, and the need to maintain an enforcement presence through minimum surveillance. In any given fiscal year, choices are made between the number of vehicles to be tested, the number of standards included, and *similary for equipment testing.* We attempt to design a compliance test program in each fiscal year that strikes a proper balance between standards and vehicles. In a year with many new models of cars introduced we would trade off standards for cars. We would do this only to a limit, however, since we believe it is more important to include safety standards than to test more vehicles.

COMPLIANCE TESTS REPEATED IN FY 1986

Mr. COUGHLIN. How many of the standards selected for testing in fiscal year 1986 were tested in fiscal year 1985?

[The information follows:]

Of the 22 standards scheduled for inclusion in the fiscal year 1986 test program, 19 have been included in fiscal year 1985.

COMPLIANCE TEST FAILURE RATES

Mr. COUGHLIN. What was the failure rate in 1985 for those standards selected for testing in 1986?

[The information follows:]

STANDARDS SELECTED FOR TESTING IN FISCAL YEAR 1986

FMVSS NO.	Description	Fiscal Year 1985 Failure Rate
103	Windshield Defrosting and Defogging Systems	0.0
104	Windshield Wiping and Washing Systems	0.0
105	Hydraulic Brake Systems	7.1
106	Brake Hoses	10.6
108	Lamps, Reflective Devices, & Associated Equipment	Not tested
109	New Pneumatic Tires, Passenger Cars	0.0
116	Hydraulic Brake Fluids	33.3
119	New Pneumatic Tires for Vehicles Other other than Passenger Cars	0.0
124	Accelerator Control Systems	0.0
204	Steering Control Rearward Displacement	0.0
206	Door Locks and Door Retention Components	0.0
207	Seating Systems	0.0
209	Seat Belt Assemblies	1.1
210	Seat Belt Assembly Anchorages	0.0
212	Windshield Mounting	3.7
213	Child Seating Systems	Not tested
216	Roof Crush Resistance	0.0
218	Motorcycle Helmets	100.0*
219	Windshield Zone Intrusion	Not tested
221	School Bus Body Joint Strength	100.0**
222	School Bus Passenger Seating	33.3
301	Fuel System Integrity	4.7

* Most motorcycle helmet failures only involved labeling deficiencies.

** The majority of failures involved disputed interpretations of NHTSA standards on three tests.

SELECTION OF COMPLIANCE TESTS

Mr. COUGHLIN. Why were these standards selected if there were no test failures associated with these standards the previous years?

[The information follows:]

The absence of failures in the limited sampling of vehicles and equipment in any particular year's test program is no guarante that failure would not occur in other diverse samples tested in a subsequent year. All of the standards, including those tested each year, are considered to be critical safety requirements warranting a continuation of the enforcement presence. The compliance test program is meant to be a general deterrent to manufacturing and selling vehicles and equipment items that do not comply with the safety standards. We excect a low failure rate, and only if there is a long-term history of no failures to a safety standard would we consider not including it in the test program.

COMPLIANCE FAILURE RATE COMPARISIONS

Mr. COUGHLIN. Please update the data on compliance test failures found on pages 529 and 530 of last year's hearing record by adding a fiscal year 1985 column.

[The information follows:]

FMVSS Number and Title	Fiscal Year 1984 Compliance		Fiscal Year 1985 Compliance	
	Tests or Specimens Tested	Percent Failure Rate/1	Tests or Specimens Tested	Percent Failure Rate/1
Vehicle Standards:				
103: Windshield Defrosting and Defogging Systems	20	5.0	10	0.0
104: Windshield Wiping and and Washing Systems	30	6.7	0	0.0
105: Hydraulic Brake Systems	60	3.3	14	7.1
118: Power Operated Windows	10	0.0	9	22.2
124: Accelerator Control Systems	25	0.0	11	0.0
126: Truck-Camper Loading	8	62.5	0	0.0
204: Steering Control Rearward Displacement	20	0.0	0	0.0
207: Anchorage of Seats	15	0.0	5	0.0
210: Seat Belt Assembly Anchorages	20	10.0	5	0.0
212: Windshield Mounting	30	0.0	27	3.7
216: Roof Crush Resistance	24	0.0	9	0.0
221: School Bus Body Joint Strength	5	80.0	3	100.0
222: School Bus Passenger and Crash Protection	5	40.0	3	33.3
301: Fuel System Integrity	61	1.6	43	4.7
Equipment Standards:				
106: Hydraulic Brake Hoses	330	11.8	330	10.6
108: Lamps and Associated Equipment	961	51.1	-	-
109: New Pneumatic Tires - Passenger Cars	1,705	0.1	1,110	0.0
116: Hydraulic Brake Fluids	20	35.0	27	33.3
119: New Pneumatic Tires - Other Than Passenger Cars	390	0.0	40	0.0
206: Door Locks and Door Retention Components	108	0.0	96	0.0
209: Seat Belt Assemblies	555	0.7	570	1.1
213: Child Seating Systems	84	17.9	-	-
218: Motorcycle Helmets	128	24.2	128	100.0

1/ The test program percentage failure rate is indicative of the number of failures experienced in the limited number of samples tested, only. It cannot be interpolated and expressed in terms of noncomplying vehicles that are present in the population at large.

COMPLIANCE FAILURE RATES FOR SCHOOL BUSES

Mr. COUGHLIN. According to the data you provided last year there seems to be a continuing problem with school bus joint strength and school bus passenger protection.

You experienced an 80 percent failure rate for joint strength and a 40 percent failure rate for crash protection.

There have been high failure rates in previous years as well. What problems are you experiencing with school bus manufacturers, and do you think these problems warrant recall?

Mr. PARKER. Mr. Coughlin, I would have to say that we continue our diligence in the school bus area because of the public's interest in safety of school buses. I would have to say that these school buses are substantially in compliance with the standards. We continue to get failures in certain areas where there is disagreement between our agency and the industry over the standards. We are continuing to test in those areas, and we hope to get a resolution with the industry before too long.

But for the most part, I would have to say that school buses comply and are safe.

Mr. COUGHLIN. I mean 80 percent is pretty high, and how——

Mr. PARKER. That is 80 percent of the samples we tested, but if you looked at each individual school bus, there is a very large number of possible joints within that school bus, and the vast majority of those joints comply with the standard, and it would be small parts of small, a limited number of joints in a particular school bus, that we would have problems with.

COMPLIANCE FAILURE RATE FOR LAMPS

Mr. COUGHLIN. You also experienced a 33 percent failure rate for "lamps and associated equipment" in fiscal year 1984.

What problems are you finding in this area and how big of a safety problem is it?

Ms. STEED. This was an imported flasher problem that was called to our attention. We tested a number of imported flashing light configurations from a number of sources. George, do you want to expand on that?

Mr. PARKER. Yes, that is right. We find, as a matter of fact, over half the failures are in lighting equipment that was manufactured offshore.

There is a safety problem in a large number of these failures. As a matter of fact there have been a lot of recalls. To mention a few here, we had 538,000 sealed beam headlamps recalled. That was an offshore owner of the domestic production capability.

Mr. COUGHLIN. Where was this located?

Mr. PARKER. Some of it was domestic; some was in Mexico. We have had 25,000 other lamps recalled, and the biggest was 758,000 offshore turn signals, and hazard warning flashers. Those have all been recalled.

COMPLIANCE FAILURE RATES FOR TRUCK-CAMPER LOADING

Mr. COUGHLIN. You also experienced a 75 percent failure rate in tests of "truck-camper loading." This also seems to be a continuing problem.

Have the corrective actions you have taken in the past worked satisfactorily? If so, why are we continuing to see high failure rates?

Mr. PARKER. Mr. Coughlin, in this area we work with the manufacturers of the truck campers because they tend to be a cottage type industry. No particular manufacturer of these campers produces very many of them and we continue to work with them, to make sure they understand the standards, that there is a requirement for meeting performance requirements.

All of the failures that we have seen have been in certification labeling, and in fact we have gotten some recalls.

In 1984, for example, we had four recalls involving 1172 campers.

MAJOR ENFORCEMENT ACTIONS

Mr. COUGHLIN. Please provide for the record a summary of your major enforcement actions in fiscal year 1985 similar to what appears on pages 531 and 532 of last year's hearing record.

[The information follows:]

MAJOR ENFORCEMENT ACTIONS FISCAL YEAR 1985
DEFECTS INVESTIGATION ACTIVITIES

MAJOR RECALLS

Make	Problem	Number of vehicles or items vehicles
Chevrolet Camaro/ Pontiac Firebird	Seat belt retractors	738,000
Chrysler built vehicles with 2.5 liter engines	Fuel reservoir	340,000
Plymouth Voyager/ Dodge Caravan/ Mini Ram Van	Rear brake proportioning valve	264,000
Ford Escort/ Mercury Lynx	Seat belt retractors	515,000
Century Products	Child seats	295,000

Results have been received on testing of "easier to read" owner recall notification letters. The program involved six recall campaigns and four manufacturers. One domestic manufacturer and one foreign manufacturer tested the letter on 2 campaigns each. Two truck manufacturers also participated in the program. It was found that completion rates were slightly higher for the simplified letter and that sending a reminder post card made a significant difference in completion rates. The effectiveness of an additional simplification in the language will be tested starting in Fiscal Year 1986.

- o Opened 3 cases, closed 3 cases and influenced 1 recall (General Motors) as a result of a case.
- o Opened 113 Preliminary Evaluations (PE) and Engineering Analyses (EA).
- o Closed 120 PE's and EA's.
- o Influenced 26 recalls as a result of PE's and EA's.
- o 6,545,000 vehicles and 295,000 items of equipment were recalled for defects.

Evaluated 31 petitions for defect investigations from the public. Twenty-seven petitions were denied, one granted, and three were active at the end of the Fiscal Year.

Evaluated two petitions for a hearing on recall performance. One was denied after the owner had the vehicle repaired under terms of the recall. The other was denied after the manufacturer agreed to renotify all owners who had not had their vehicles corrected.

Assisted over 2,000 consumers inquiring about or having difficulty in obtaining recall corrective action.

Opened seven audits to measure recall campaign performance.

Received over 710 calls per day on the Hotline. Over 259,000 call were received for recall information, for reporting a defect, for consumer information, and for subjects that were referred to other agencies.

STANDARDS COMPLIANCE ACTIVITIES

Recall of 4,227,650 vehicles and equipment; assessment of $9,500 in nine civil penalties; and joint import regulation monitoring.

Investigations initiated (Gray Market)	60,374
Investigations closed (Gray Market)	41,501
Penalties recommended under Customs held bonds	2,006
Responses to importer inquiries	77,577
Fuel economy compliance: Manufacturers of passenger cars (26) and trucks (11) for a total of 49 fleets were monitored for compliance	37

Engineering support provided to the Office of Chief Counsel and the Department of Justice in the prosecution of cases against turn signal flasher and hazard warning flasher importers.

Mr. COUGHLIN. Please also update the listing of civil penalty assessments for noncompliance with safety standards on pages 533 through 537 of last year's hearing record by adding a fiscal year 1986 column.

[The information follows:]

Update of Civil Penalties List
For Noncompliance with Acts

Traffic Safety Act

	Total collected thru FY 1984		$2,591,100.00

FY 1985

11/84	Metrix Warehouse	$2,500	
12/84	United Bus Corp.	2,500	
2/85	Bill's Discount Tire	1,000	
2/85	Hamm's Discount Tire	1,000	
5-9/85	Performance Unlimited	2,500	
	FY 1985 Subtotal	$9,500	
	Total collected thru FY 1985		$2,601,200.00

FY 1986

2/86	European Lighting	$100	
3/86	Nicolaus von Rosenberg, Inc.	500	
	FY 1986 Subtotal	$600	
	Total collected to date from Traffic Safety Act		$2,601,800.00

Information and Cost Savings Act

	Total collected thru FY 1984	$83,225.00	

FY 1985

10/84	Superior Pontiac-GMC	$5,000	
12/84	Englander Toyota	4,250	
1/85	V.O.B. Auto Sales	1,900	
	FY 1985 Subtotal	$11,150	
	Total collected thru FY 1985		$94,735.00

FY 1986

12/85	Jaguar Cars, Inc.	$6,015,990	
	FY 1986 Subtotal	$6,015,990	
	Total collected to date from Information and Cost Savings Act		$6,110,365.00

Civil Penalties

NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT/MOTOR VEHICLE INFORMATION AND COST SAVINGS ACT

Fiscal Years	Number of Civil Penalties	Penalties Collected
1970	6	$155,000.00
1871	15	$213,550.00
1972	20	$172,500.00
1973	42	$143,150.00
1974	44	$270,150.00
1975	33	$293,200.00
1976	15	$45,350.00
TQ	9	$203,250.00
1977	17	$73,000.00
1978	27	$552,507.53
1979	61	$333,550.00
1980	73	$726,225.00
1981	52	$53,150.00
1982	26	$30,100.00
1983	20	$159,450.00
1984	7	$14,100.00
1985	8	$20,650.00
1986	3	$6,016,590.00 1/

NOTE: Collections are deposited into Miscellaneous Receipts account.

1/ Through March 26, 1986

COMPLIANCE TESTING SELECTION MATRIX

Mr. COUGHLIN. We understand you use a vehicle selection matrix to select vehicles for compliance testing. How does this matrix work, and how much does the vehicle selection matrix cost to develop and operate each year?

[The information follows:]

The vehicle selection matrix is a compilation of models available in the marketplace for any given year. All available known data pertinent to each vehicle is entered such as prior test data, new models, accident data (when available), consumer complaints, defect reports, market penetration, engine displacement, vehicle weights, and other vehicle specifications that could have a bearing on test results. The matrix is used to provide a basic overview of those factors considered in selecting vehicles for testing. In past years, the cost to develop and operate the vehicle selection matrix was approximately $104,400 for fiscal year 1983, $125,400 for fiscal year 1984, and $79,000 for fiscal year 1985. The system was simplified and transferred to an in-house micro computer for fiscal year 1986, and our estimated cost is approximately $15,000 for outside data storage until transfer is completed.

COMPLIANCE TESTS FOR NEW CARS

Mr. COUGHLIN. What percentage of vehicles selected for each of the last three fiscal years were new models?

[The information follows:]

New models selected

Fiscal year:	*Percent*
1986	69
1985	68
1984	60

COMPLIANCE TEST CRITERIA FOR OLDER MODEL CARS

Mr. COUGHLIN. What data in the matrix was used to select the vehicles that were not new models?

[The information follows:]

Data in the vehicle selection matrix used to select other than new models included, where available, prior test results, accident data (when available), consumer complaints, defect reports, market penetration, engine displacement, vehicle weights, and other vehicle specifications that could have a bearing on test results.

NONCOMPLIANCE INVESTIGATIONS CLOSED IN FY 1984 AND 1985

Mr. COUGHLIN. How many noncompliance investigations were closed in fiscal years 1984 and 1985?

[The information follows:]

There were 62 noncompliance investigations closed in fiscal year 1984, and 46 closed in fiscal years 1985.

NONCOMPLIANCE INVESTIGATION PROCESSING TIME

Mr. COUGHLIN. What was the average processing time for noncompliance investigation cases closed in fiscal years 1984 and 1985?

[The information follows:]

The average processing time for noncompliance investigation cases closed in fiscal years 1984 and 1985 was 20 months and 13 months, respectively.

Mr. COUGHLIN. How does NHTSA determine if its processing time is reasonable?

[The information follows:]

NHTSA determines the reasonableness of processing time on a case by case basis by considering all related factors. The complexity of the case is the primary determinant of processing time. Average processing time for noncompliance investigations can, in itself, be very misleading recognizing the mixture of cases involved and the individual circumstances surrounding each case. The more serious cases are always handled on an expedited basis in order to obtain recall and corrective action as soon as possible. Once a recall is obtained, the administrative actions involved in formally closing the case may follow the corrective action by a significant period. This is particularly so in those cases involving civil penalties because of the time to process the civil penalty action.

Mr. COUGHLIN. Does NHTSA have any timeliness criteria for processing noncompliance investigations?

[The information follows:]

NHTSA does not have any predetermined timeliness criteria for processing noncompliance investigations. As discussed in response to the previous related question, timeliness is evaluated on a case by case basis by considering all related factors.

NONCOMPLIANCE INVESTIGATION RESULTS

Mr. COUGHLIN. What percentage of your fiscal years 1984 and 1985 investigations resulted in a recall, civil penalty, or both?

[The information follows:]

A review of our investigations closed in fiscal years 1984 and 1985 indicates the following:

PERCENTAGE OF INVESTIGATIONS CLOSED

Fiscal year	Recalls	Civil penalties	Recall and civil penalty
1984	18.8	4.3	0
1985	29.7	2.9	0

RECALL AND PENALTY PROCESS EFFECTIVENESS

Mr. COUGHLIN. How effectively does NHTSA believe its recall and penalty process is working? How could it be more effective?

[The information follows:]

The compliance test program is meant to be a general deterrent to manufacturing and selling vehicles and equipment items that do not comply with safety standards. Within a realistic budget for this program, and recognizing that manufacturers are required to self-certify compliance with the safety standards, it would be impossible and contrary to the intent of the enabling legislation to test all vehicles and equipment items to the requirements of all saftey standards. With this in mind, the criterion by which we measure the effectiveness of compliance investigations is the rate at which vehicles and equipment items fail the requirements of the safety standard and are recalled. We believe the program to be successful if we find few failures overall. Except for a few isolated, special cases, there are few failures and recalls, and we believe the program to be effective. We have not identified major problems with the legislated approach of requiring self-certification, nor with our general deterrent approach to assuring compliance to the safety standards.

NONCOMPLIANCE INVESTIGATION EFFECTIVENESS

Mr. COUGHLIN. How does NHTSA measure the effectiveness of its noncompliance investigation process?

[The information follows:].

As discussed in response to the previous related questions, NHTSA measures the effectiveness of its noncompliance investigation process by the rate at which vehicles and equipment items fail the requirements of the safety standards and are recalled. As also noted, we believe the program to be successful if we find few failures overall.

GM X-CAR LITIGATION COSTS

Mr. **Coughlin**. Please provide for the record a listing of the extraordinary costs you have incurred attributable to the X-car litigation, and explain if General Motors would be required to reimburse the government for such costs if you win the case.

[The information follows:]

The extraordinary costs incurred in support of X-car litigation are estimated, as follows:

Office of Defects Investigation	525,000
Vehicle Research and Test Center	400,000
Research and Development	350,000
Total	1,275,000

These figures include costs for labor (13 person-years), computer time, support contracts, test equipment, and vehicle testing. They do not include costs incurred by the Department of Justice.

General Motors would not be required to reimburse the government for those costs if the government won the case.

HIGHWAY SAFETY PROGRAM OPERATING EXPENSES

Mr. **Coughlin**. Please update for the record the breakdown of highway safety program operating expenses similar to that on page 559 of last year's hearing record.

[The information follows:]

[In thousands of dollars]

	Fiscal year—		
	1985	1986	1987
Training	16	(1)	(1)
Computer support	110	90	118
Administrative services, (standard level user charges, communications, utilities, supplies, materials, and equipment)	570	493	899
Total	696	583	1,017

[1] Training is funded from a centralized account under the General Administration budget's activity for FY 1986–87.

HIGHWAY SAFETY PROGRAM ACCOMPLISHMENTS

Mr. **Coughlin**. Under the "highway safety" account, your program is divided into four major areas: alcohol; occupant protection; countermeasure improvement; and state program management.

Would you tell us what your major accomplishments will be in fiscal year 1986 and also, what you plan to accomplish in fiscal year 1987 for each of these four areas.

Mr. **Reagle**. Mr. Coughlin, in the alcohol area I think there were two major areas. First, we have taken the issue of general deterrence, the issue I mentioned before, and we put that in place in many communities. As a matter of fact, through our work-shops, we have trained over 5,000 State and local people.

In addition, I think another priority is the work we have begun with the enforcement community in drug recognition. Through the Los Angeles police department, we have validated the techniques that they have used, and, hopefully, in 1987, once we finish on road tests of those procedures, we can train trainers at the State level.

In addition I think there are two other areas that we have begun to work in and that is the whole adjudication area. We feel that is probably the biggest problem in the drunk driving link, and we have begun to produce some training materials in that area. Finally, prevention and intervention I think is a big problem, and the long-term possible solution to the problem and we have begun to produce training materials and workshops in that area.

In the safety belt area, I think the implementation grants that we have provided to the States are very helpful. Once a state has passed a law, we have provided grant funds to begin to implement a comprehensive program. We have over 200 comprehensive community-based safety belt programs throughout the country.

And the third area I would touch on is the whole corporate involvement in safety belts. We feel that is a priority and we have worked in that area to produce training materials, both for the CEO's and the safety directors.

In the counter-measure improvement area, first of all, in the police traffic services area, despite the diminishing resources that the police have, we think through our networking areas with organizations such as the International Association of Chiefs of Police and the National Sheriff's Association, that in fact safety belt usage enforcement and child restraint usage enforcement are high priorities with those groups. In the EMS area, which is obviously an area the Chairman is interested in, I think the work that we have done with ASTM to get voluntary standards is an important first step, and we have some 32 standards in process.

In addition, we have also pushed the States for self-sufficiency in EMS, and we have eight States that now have that, including the Chairman's home State.

In the area of State programs, I think the progress we have made in NDR is a highlight. We have not only worked on short-term accomplishments but long-term accomplishments, and finally, in State programs, we are beginning a concept of community-based programs where we take all of the relevant countermeasures, such as alcohol and safety belts, and begin to motivate the community to implement those at the same time.

In 1987 I would say what we would be trying to do is improve on those same areas.

HIGHWAY SAFETY CONTRACT PROGRAM

Mr. COUGHLIN. Please update for the record the breakdown of traffic safety programs found on pages 265 through 270 of last year's hearing record.

[The information follows:]

HIGHWAY SAFETY PROGRAMS
RESOURCE SUMMARY
CONTRACT PROGRAM
(Dollars in Thousands)

	FY 1985 Approp.	FY 1986 Approp.	FY 1987 Request
ALCOHOL PROGRAM	1,632	2,147	2,152
1. Alcohol Public Information/Education	429	855	820
High Risk Drinker/Driver Marketing Analysis	0	0	80
Support for State/Local Programs	190	385	360
Material Development	190	195	195
Countermeasure Support	50	100	0
Comprehensive Youth DWI Program	0	100	30
Project Graduation	9	25	25
Youth Peer Training	0	50	35
College Alcohol Awareness Program	0	0	20
Alcohol Program Networking/Trauma Systems	0	0	50
National Alcohol Networking/Motorcycle	0	0	25
2. Alcohol Program Management/Evaluation	466	582	577
Alcohol Systems Mgmt. Training - State/Local Managers	165	175	175
Conduct Single Project Evaluation	106	175	160
Conduct/Replicate Community Alcohol Program Evaluation	0	132	90
Conduct Section 408 Program Evaluation	114	0	50
Model Case Management Information System	11	80	82
Evaluation Strategies Training	20	20	20
Conduct Target of Opportunity Evaluation	50	0	0

3. Alcohol Technology Development/Transfer	727	710	755
Update Alcohol-Related Motor Vehicle Selective Enforcement Manual	0	0	25
Alcohol Countermeasure Support (EMF)	0	0	115
Chemical Breath Test Program (Specs. & Tests)	50	60	0
Evidential Breath Test Support/Assistance	60	65	0
Develop Drug Detection Training Course	0	50	45
Technical Assistance to State/Local/Community Alcohol Enforcement Programs	150	85	45
Adjudication System Training and Technical Assistance	135	95	0
Develop DWI Assessment and Monitoring/ Technical Assistance	6	0	0
Develop DWI Judicial Education/ Technical Assistance	37	0	30
Develop Self-Taught Prosecutor DWI Training Program	54	0	50
Develop Self-Taught Judicial DWI Training Program	57	0	50
National DWI Prosecution Education Technical Assistance	0	0	40
Technical Assistance in Implementing Community Service Program	28	0	30
Compendium of PIET Program Models	0	55	45
Develop Agency Coordination Model for PIET	0	40	30
Conduct Regional/State/Local/ PIET Workshops and Implementation Technical Assistance	0	70	25
Employers Initiative/Server Liability Workshop	0	25	20
Prevention/Intervention Technology Transfer	0	0	40
Professional Papers on Impaired Driving	0	0	15
Cooperative Grants to Develop Community Highway Safety Programs	0	0	30
Enforcement Against Suspended/Revoked Drivers-Field Test	40	65	0
Alcohol-Related Driver License Technology Dissemination	10	40	25
Driver License Compact	50	50	0
Interstate Alcohol Information Exchange	0	10	10
Driver License Technical Assistance	0	0	35
False DL Identification Procedures	0	0	20
Juvenile DWI Needs Assessment	0	0	30
Review of Alcohol-Related Driver Licensing Law and Information Exchange	50	0	0

	FY 1985 Approp.	FY 1986 Approp.	FY 1987 Request
NATIONAL OCCUPANT PROTECTION PROGRAM	4,104	1,923	5,000
1. State and Local Program Assistance	1,605	565	1,450
Management Course for State/Local Programs	187	150	150
State/Local Prog. Promotion and Support	1,418	415	1,300
2. National Organization Support	1,127	241	650
National/State Association Implementation Projects	760	118	500
National Organization Projects	367	123	150
3. Corporate Employer Programs	264	181	820
CEO and Safety Director Seminars	114	133	300
Fleet Administrator Workshops	0	0	200
Employer Program Support	140	0	0
Professional Society Promotion	10	48	100
Federal/State Agency Safety Belts Promotion	0	0	50
Media Marketing Workshops	0	0	100
Labor Union Safety Belt Promotion	0	0	70
4. Evaluation and Planning Support	588	280	1,080
State Program Evaluation	0	0	200
Administrative Evaluation(s)	50	40	75
State/Local Safety Belt Use Evaluation Mtgs.	0	0	30
Develop National Information System	301	150	175
Computer Timeshare Cost	50	20	0
Materials for all Programs	53	60	550
Materials Distribution and Exhibits	134	10	50
5. Media Program	520	250	500
6. Passive Education Program	0	406	500

	FY 1985 Approp.	FY 1986 Approp.	FY 1987 Request
COUNTERMEASURE IMPROVEMENT AND SUPPORT	810	1,021	1,115
1. Motorcycle, Pedestrian, Driver Licensing, Driver Education and PMVI	159	175	165
Motorcycle Safety-Helmet Use	40	25	25
Motorcycle Safety-Rider Education	39	35	35
Motorcycle Safety-Operator Licensing	40	35	35
Motorcycle Safety-Public Information and Education	40	25	25
Driver License-AAMVA Multi-Year Plan	0	25	25
Driver License-Novice Driver Entry System Pilot Test	0	0	10
Driver License-Traffic Laws Commentary	0	0	10
Pedestrian Safety and Driver Education	0	30	0
2. Police Traffic Services	382	338	375
Management Information System (MIS)	25	47	10
Uniform Traffic Report	42	25	5
Field Test Performance Measures	20	72	0
Executive Training Seminar	45	42	50
Technical Assistance	30	25	25
Comprehensive Traffic Administration and Enforcement Program Manual	0	30	0
Speed Measuring Device Testing	20	25	10
Model Radar Instructors' Course	0	0	10
Impact of PTS on Crime	25	25	0
Evaluation	30	30	50
Police Driver Improvement Program and Fleet Safety	0	0	45
Accident Reconstruction	25	0	0
Cooperative Programs	40	0	0
Highway Safety Award	20	10	10
Evaluation of Fixed Wing Aircraft	0	0	20
Operation CARE	0	7	15
PTS Volunteerism Study	0	0	25
Highway Safety Committees	0	0	50
Evaluation of Overtime/Full Time PTS Programs	0	0	50
Safety Belt Enforcement and Public Information	60	0	0*

*Note: Enforcement and public information activities are part of the overall occupant protection program.

3. Emergency Medical Services	269	508	575
Trauma System Development	0	90	90
Pediatric Trauma Instructor Support	30	30	30
EMS Networking for Motor Vehicle Injury Prevention/Reduction	20	40	50
National Voluntary Standards Groups for EMS	80	90	80
EMS Sensitivity to Highway Safety Needs	10	38	50
EMS Cost-Benefit Demonstrations	0	0	25
Management Guidelines for Public Safety Helicopter Services	44	20	0
Aeromedical Technician Training Course	15	40	0
Coordination & EMS Information Resource Mgmt.	0	0	50
State EMS Statutes and Regulations	15	25	0
EMS Training - Technology Applications	0	135	150
MAST Evaluation and Technical Assistance	25	0	50
Paramedic Instructor's Manual	20	0	0
Reciprocity System for Interstate Certification of EMTs	10	0	0

	FY 1985 Approp.	FY 1986 Approp.	FY 1987 Request
IMPROVEMENT OF STATE PROGRAM MANAGEMENT CAPABILITIES	2,196	1,817	1,895
1. National Driver Register	2,058	1,617	1,751
2. Management Information Systems	128	100	95
3. State Traffic Records	10	25	10
Traffic Records Technology Workshops	10	0	10
Design of Survey of State Traffic Records System	0	25	0
4. Project Management Training	0	10	10
5. Comprehensive Community Programs	0	65	29

ALCOHOL PROGRAM IMPROVEMENT GOALS

Mr. **Coughlin**. In the alcohol area, what needs to be worked on the most? What is the biggest deficiency that can be corrected?

Ms. **Steed**. At this point I think I would say, in general, we have done a good job in the education area. We have worked very well with the enforcement people with new techniques, and so forth, and perhaps one of the weak links yet is in the judicial system—helping judges understand what the alcohol problem is and the type of sentencing that might be most effective with some offenders. The recidivism rate is a problem also.

So I think we could do some more work with the judiciary. I think George mentioned the other one, and that is the whole idea of intervention and prevention—how to stop the problem before it exists and convince more people that it is okay to ask a friend not to drive, and that sort of thing—moving on into the prevention area.

SAFETY BELT REQUIREMENT FOR FEDERAL AGENCIES

Mr. **Coughlin**. On page 67, you make reference to a proposed Executive Order that is under OMB review to mandate Federal agency seat belts. How long has this been at OMB and when do you expect them to release it?

Ms. **Steed**. Actually it has gone through OMB and I will have to get for the record the exact date. It has now moved on into the Executive Office of the President. They asked us some questions on the money that might be saved as a result of such a policy, and I understand made some editing changes just this week. So I would expect it to be out very soon.

NDR STATUS

Mr. **Coughlin**. On page 95, you are requesting $1.751 million to continue the National Driver Register. Last year, information was provided for the record indicating that this program was 28 months behind the original schedule laid out in the authorizing statute.

Has this schedule slipped any further, and what are the major causes of slippage?

Ms. **Steed**. No, it has not slipped further, thank goodness. The major causes of the slippage really are that the original schedule set forth in the statute did not contemplate several very important steps in the process.

One was to actually design this very large and complicated computerized system, and the other was the time that it takes States to do the design work that they will have to do in order to bring the system up on line.

We are actually now on schedule. We intend to award the contracts for the four pilot States next month. That is moving along very, very well. We will begin the operational testing of the system, PDPS, in August of 1987. That will take a while to allow the four States to bring their equipment and systems up to speed, so that they can talk to each other.

We will finish the test about a year later and have an evaluation report to Congress in February of 1989. That is the schedule we talked about last year.

Mr. COUGHLIN. Do you have sufficient funds to keep this program on track?

Ms. STEED. We do. It is really not a matter of funding so much as it is working with the States and going through their individual procurement processes and systems design processes.

NDR IMPLEMENTATION SCHEDULE

Mr. COUGHLIN. Please update for the record the NDR implementation data found on page 439 of last year's hearing record, and add a fiscal year 1987 funding breakdown.

[The information follows:]

Funds for Fiscal Years 1986 and 1987 will be expended as follows: Fiscal Year 1986 ($3,093 thousand)—this amount includes $1,796 thousand appropriated for Fiscal Year 1986 plus $1,297 thousand in carryover funds from Fiscal Year 1985. The predominant expenses will be in the following areas:

Pilot State contracts	$1,300
Rapid response system	200
Telecommunications support	50
Software development	225
Current operations (including interim improvements such as overnight service)	1,100
Other	38
Fiscal year 1987 ($1,751)—major expenditures will include:	
Additional funds for pilot States	66
Rapid Response system	190
Telecommunication network	225
Software maintenance	75
Current operations	1,000
Other	20

NDR SUPPLEMENTARY FUNDING

Mr. COUGHLIN. What is the status of the $250,000 added to the NDR budget request by the Committee to fully implement the rapid response system of the NDR?

Ms. STEED. The rapid response system is one of those things that we decided to try in order to make some interim improvements while we were waiting for the Problem Driver Pointer System to come on line. George, you might want to talk about where we are in all of this.

Mr. REAGLE. Mr. Coughlin, we selected Delaware to work with and by early spring, we should begin a pilot test with Delaware. That should finish some time in the fall, and if that is successful—and we believe it will be—we will make a general offering to all the States with that technology.

That technology, by the way, will allow a response time of five to seven seconds, between that State and our data base.

EMERGENCY WARNING DEVICES

Mr. COUGHLIN. Also, what is the status of the $50,000 added to your budget by the Committee to study the effectiveness of emergency warning devices?

[The information follows:]

Section 219 of the Motor Carrier Safety Act of 1984 directed the Department to study the effectiveness of emergency warning devices required to be carried by interstate motor carriers, to investigate the potential costs and benefits of requiring passenger automobile operators to carry emergency warning devices, and to examine the relative benefits of various types of warning devices in enchancing highway safety. Report 99-256 (House Committee on Appropriations), Department of Transportation and Related Agencies Appropriation Bill, 1986, stated "The Committee . . . provides up to $50,000 to conduct a study of the effectiveness of warning devices . . ."

The study has been conducted by NHTSA staff supported by an $18,000 contract the Allen Corporation. The study defines the potential range of accidents which might benefit by the application of emergency waring devices and then goes on to provide estimates of the costs that would be associated with equipping various types of vehicles with different forms of emergency warning devices. The report is currently in review within the agency.

DADE COUNTY EMS IMPROVEMENTS

Mr. COUGHLIN. Also, what is the status of the $200,000 added to your budget by the Committee to implement the recommendation of a NHTSA-convened panel of experts for EMS improvements in Dade County, Florida?

Ms. STEED. Dade County has made some very significant strides in that area. Seven hospitals have been designated as trauma centers, with a particular hospital, Jackson Memorial, I believe, serving as the Level 1 trauma center. We have new triage procedures there which have been revised to permit direct transport of trauma patients to the trauma centers.

The Florida EMS State office has licensed a helicopter to be an air medical service to take care of the trauma patients down there, and I understand they provided transport for 59 emergency patients, most of whom had serious trauma injuries.

The entire trauma delivery system in Dade County is being reevaluated by means of a newly established trauma registry, and Dade County, in fact, I think is working with officials in surrounding counties to help provide service.

Mr. LEHMAN. Mr. Coughlin, I just want to thank the Administrator, Miss Steed, and also George Reagle and the other members that have worked with us on this, to implement something that was long delayed and badly needed, and has proven to be of true benefit to the health of the community. Thank you very much.

Mr. REAGLE. I think it has turned out to be a model that other States and counties can emulate.

Ms. STEED. It really has.

Mr. REAGLE. It has worked well.

Mr. COUGHLIN. Thank you, Mr. Chairman.

RESEARCH AND ANALYSIS SALARIES AND EXPENSES

Mr. COUGHLIN. Please update for the record the breakdown of research and analysis salaries and expenses similar to that on page 571 of last year's hearing record.

[The information follows:]

	Fiscal year—			
	1984	1985	1986	1987
Personnel compensation:				
Permanent positions	$5,700	$6,059	$5,733	$5,860
Other than permanent	115	115	183	183
Overtime	18	18	16	16
Terminal leave	48	48	43	43
Awards	28	28	24	40
Subtotal	5,909	6,268	5,999	6,142
Personnel benefits	545	616	602	615
Travel	220	197	134	154
Total	6,674	7,081	6,735	6,911

RESEARCH AND ANALYSIS OPERATING EXPENSES

Mr. COUGHLIN. Please also update for the record the breakdown of research and analysis operating expenses similar to that on page 571 of last year's hearing record.

[The information follows:]

[In thousands of dollars]

	Fiscal year—		
	1985	1986	1987
Training	52	([1])	([1])
Computer support	390	318	417
Administrative services, (standard level user charges, communications, utilities, supplies, materials, and equipment)	2,359	2,145	2,505
Total	2,801	2,463	2,922

[1] Training is funded from a centralized account in the General Administration budget activity for fiscal year 1986-87.

RESEARCH AND ANALYSIS PROJECTS

Mr. COUGHLIN. Please provide for the record an update of the breakdown of research and analysis projects found on page 572 of last year's hearing record by adding a 1987 column.

[The information follows:]

RESEARCH AND ANALYSIS PROJECTS

[In thousands of dollars]

	Fiscal year—			
	1984	1985	1986	1987
Crash avoidance research:				
Control and stability	550	345	425	675
Lighting and visibility	700	620	580	700
Driver factors	750	385	460	175
Uniform tire quality grading system	150	0	0	0
Analytical support	500	400	875	900
Heavy duty vehicles	360	440	350	350
Subtotal	3,010	2,490	2,690	2,800

RESEARCH AND ANALYSIS PROJECTS—Continued

[In thousands of dollars]

	Fiscal year—			
	1984	1985	1986	1987
Crashworthiness research:				
Frontal protection	1,946	1,400	1,662	2,000
Side protection	1,363	640	1,119	1,102
Restraints/air bag retrofit	2,364	5,090	813	800
Pedestrian protection	700	400	379	380
Biomechanics	1,848	2,330	2,147	2,150
Analytical support studies	1,018	1,840	1,531	1,550
Subtotal	9,239	11,700	7,651	7,982

PEDESTRIAN INJURY REDUCTION

Mr. COUGHLIN. On page 100, one of your research and development accomplishments was the completion of a study of the effect of different kinds of bumpers on pedestrian injuries.

What did you learn from this study, and do you believe the findings can be translated into rulemaking action?

[The information follows:]

The testing that was cited in the budget submission was undertaken as a response to comments to the agency from a Notice of Proposed Rulemaking (NPRM) published early in 1980. Since the NPRM was published, passenger vehicle styling has changed significantly, i.e., shorter and more streamlined hoods, with the hood edge recessed further from the bumper. The subsequent testing has shown that the injury mitigation benefits proposed in the NPRM are less significant for vehicles with new styling than they were for the vehicles for the late 1970's. Additional studies will be required to investigate countermeasures for contemporary styling before rulemaking can be initiated.

REAR-VIEW MIRROR SYSTEMS

Mr. COUGHLIN. Another one of your accomplishments listed on page 107 is the completion of a 2-year study to assess improved rear-view mirror systems. What kind of mirror systems did you evaluate and what did you learn?

Mr. FINKELSTEIN. We looked at rear-view mirrors on vans. We have done a lot of work on passenger cars, but we had to stop work we had done earlier on vans. We worked with Southern Bell and came up with a system, that included a combination plane mirror and convex mirror. We ran a two-year study and we saw about a 17 percent reduction in accidents, side-swipe accidents, accidents where visibility on that side of the vehicle, or in the rear field of view would have been affected.

DATA COLLECTION USER FEES

Mr. COUGHLIN. On page 120, you are requesting $15.161 million to continue your data collection activities.

How feasible is the possibility of charging a fee to private and non-profit organizations for the collection and use of this data?

And how much do you estimate could be collected from such fees?

Ms. **Steed**. We think it may be in fact be feasible, because especially our FARS system is a major data source for a number of groups. So it is something that we want to look at over the coming year, to see whether or not it would be feasible, and if so how much should be changed. It probably could not be self-supporting with fees, but I think we could collect a sufficient fee to cover a part of the service.

Mr. **Coughlin**. Every little bit helps.

Ms. **Steed**. You bet.

NCSA BUDGET COMPARISONS

Mr. **Coughlin**. Please update for the record the NCSA project plan data found on page 576 of last year's hearing record by adding a 1987 column.

[The information follows:]

Description	Fiscal Year					
	1982	1983	1984	1985	1986	1987
Fatal Accident Reporting System: Maintain operations of data collection in 50 States, D.C. and Puerto Rico	$1,833	$1,819	$1,920	$1,990	$2,230	$2,520
Computer Support	1,343	1,331	1,356	1,349	1,177	892
National Accident Sampling System: Operate 4 zones and 50 teams of accident investigations	7,372	7,830	8,265	8,081	8,359	8,867
Computer Support	1,350	1,775	1,752	1,694	1,150	970
Accident Data Analysis:						
Crashworthiness analysis	50	49	110	160	400	425
Crash avoidance analysis	166	336	399	300	255	300
Trend analysis	372	183	370	251	200	250
NASS analysis	253	267	271	197	290	400
Computer support for in-house analysis	328	630	565	200	230	220
Exposure Data Collection:						
Analysis of existing data	450	530	360	450	115	100
Collection and analysis	0	0	0	0	0	0
Computer support for collection	0	0	0	0	0	0
Special Interest Accidents: Investigation of Accidents Including School Bus and Special Safety Equipment	195	250	250	250	300	300
Total	$14,212	$15,000	$15,618	$14,722	$14,476	$15,161

NCSA Fiscal Year 1985 Project Plan Summary

	1982	1983	1984	1985	1986	1987
Fatal Accident Reporting System	3,176	3,150	3,276	3,339	3,407	3,412
National Accident Sampling System	8,722	9,605	10,017	9,775	9,509	9,975
Accident Data Analysis	1,469	1,465	1,715	908	1,145	1,374
Exposure Data Collection and Analysis	450	530	360	450	115	100
Special Interest Accidents	195	250	250	250	300	300
Total	$14,212	$15,000	$15,618	$14,722	$14,476	$15,161

NASO SITES

Mr. Coughlin. Please also update for the record the NASO sit data found on pages 578 and 579 of last year's hearing record.

[The information follows:]

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SITE	CONTRACTOR	NO. OF PERSONNEL	CONTRACT COST 1986	CONTRACT COST 1987
Cook Co./Chicago, Ill.*	Kimley Horn, R.I.	9	$351,389	$619,000
Muskegon, Michigan	Dynamic Science	4	113,295	210,000
St. Louis, Missouri	Kimley Horn, R.I.	6	88,446	200,000
Genesee Co., Michigan	Kimley Horn, R.I.	4	90,278	199,000
Berrien Co., Michigan	Goodell Grivas	4	91,743	197,000
Lake Co., Indiana	Analytic Systems	4	108,744	185,000
Kankakee Co., Illinois	Dynamic Science	4	76,950	150,000
Washtenaw/Wayne Co., Mich.*	Goodell Grivas	8	284,010	375,036
Waukesha Co., Wisconsin	KLD Assoc.	3	105,643	140,000
Green, Iowa, Lafayette Cos. Wisconsin	Midwest Research	3	116,288	140,000
Benton, Jasper, Newton, White Cos., Indiana	Indiana U.	4	107,604	137,000
Appanoose, Monroe, Lucas, Wayne, Decatur, Clarke Cos., Iowa	Midwest Research	3	120,316	140,000
Schenectady/Ulster Co., N.Y.*	KLD Assoc.	8	226,965	350,000
Allegheny/Erie Co., Pa.*	Mgmt. Engineers	7	220,060	300,000
Phil./Delaware Co., Pa.*	KLD Assoc.	6	242,010	230,431
Bergen Co., N.J.	KLD Assoc.	4	116,713	180,000
Lackawanna Co., Pa.	Mgmt. Engineers	4	115,570	170,000
Kings Co., N.Y.	KLD Assoc.	3	143,206	150,000
Boston, Mass.	Calspan Field Ser.	4	170,052	190,000
Buffalo, N.Y.	Calspan Field Ser.	4	131,903	150,000
Montgomery Co., Pa.	NCSI	4	167,290	175,000
Charles, Prince Georges Cos., MD	DMS Corp.	6	163,685	190,000
Washington Co., R.I.	KLD Assoc.	4	152,334	190,000
Dade/Ft. Lauderdale, Fla.*	Kimley Horn, R.I.	9	308,926	600,000
Tuscaloosa/Shelby, St. Claire, Alabama*	U. of Montevallo	6	265,353	300,000
Lincoln, Drake, Ashley, Chicot, Drew Cos., Arkansas	Texas A&M	3	104,182	175,000
Rutherford, Cleveland Cos., N.C.	Kimley Horn	3	85,776	160,000
Knox Co., Tenn.	KLD Assoc.	4	162,170	175,000
Wake Co., N.C.	Kimley Horn	5	221,132	253,000
Kemper, Lauderdale, Newton Co., Miss.	Allen Corporation	4	196,751	193,000
Natchitoches, Winn, Jackson, La.	Sumrell Dev. Co.	3	123,881	165,000
Dallas Co., Texas	SWRI	4	158,163	160,000
Zapata, Jim Hogg, Starr, Brooks, Kenedy, Willacy Cos., TX	Tex a A&M	3	115,697	130,000
Dallas City, TX	NHC Youthen	6	176,757	190,000
Seattle/Skagit, San Juan, Island Cos., Washington*	Kopec Systems	7	208,412	300,000
Douglas Co., Nebraska	Mgmt. Engineers	4	116,365	107,000
Contra Costa Co., Calif.	Kimley Horn	4	97,027	165,000
Gilpin, Jefferson Cos., Col.	Kimley Horn	4	28,068	160,400
Yuma, La Paz Cos., Arizona	United Mgmt. Syst.	4	114,716	245,000
Bernalillo, Sandoval Cos., N.M.	Analytic Systems	4	157,062	195,000
Harding, Lawrence, Butte, Perkins, Meade, Corson, Dewey, Ziebach Cos., S.D.	Dynamic Science	3	85,173	140,000
Pima Co., Arizona	United Mgmt. Syst.	3	162,511	175,000

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*Two PSUs combined for management purposes under one contract.

Zone Center A	Indiana U.	16	653,030	626,000
Zone Center B	Calspan Field Ser.	16	607,252	670,365
Zone Center C	SWRI	16	614,844	590,000
Zone Center D	Calspan Field Ser.	12	575,066	604,003

Primary Sampling Unit (PSU)

All PSU contracts expire during FY'86. The FY'87 funding represents negotiated contract extensions with higher rates for labor, travel, office leasing, etc. The FY'87 amounts reflect actual 12 month costs for each PSU.

Zone Centers

All Zone Center contracts expired during FY'86. The FY'87 funding represents current rates for labor, travel, office leasing and new computer hardware and software costs.

NASS SITE COSTS

Mr. COUGHLIN. Explain the reason for the large NASS site cost increases between 1984 and 1985, as listed on pages 384 through 386 of last year's hearing record at the following sites: Kings County, New York; Washtenau/Wayne County, Michigan; Benton, et al. Counties, Indiana; Philadelphia/Delaware County, Pennsylvania; Charles/Prince Georges Counties, Maryland; and Kemper/Lauderdale/Newton Counties, Mississippi.

[The information follows:]

Historically, the National Accident Sampling System (NASS) contracts were funded on a calendar year basis to be consistent with the operational calendar. In the past few years, we have shifted to fiscal year funding. This has meant that the budget has had to cover only about 11 months of the actual cost of NASS during these years.

Because of investigator attrition, training needs, changes in team sizes and administrative actions, funding requirements often change in NASS sites from year to year. The reasons for the cost increases at the sites listed in the question are presented below:

Kings County required additional funding in 1986 because investigators were removed for falsifying data. Restaffing and unanticipated training needs increased their costs.

In *Wayne County* and *Washtenaw County* sites were administratively merged during 1985. The Washtenaw site needed to be entirely reestablished because of difficulties with the former contractor. These joint sites resumed full operation in fiscal 1986. The amount of funding shown in FY'85 is mostly for the Wayne County site.

The *Philadelphia* and *Delaware County* sites experienced staff attrition and a loss of police cooperation that required substantial participation from corporate management. Site stability was reestablished in mid-1986.

Team sizes were increased as a result of sample design considerations at the *Benton, Indiana* and *Prince Georges County,* Maryland PSUs. The labor training and related expenses are shown in their 1986 allocation.

The *Mississippi* PSU experienced chronic staff attrition. The staffing and training costs therefore increased in FY'86.

TRANSPORTATION SYSTEM CENTER

Mr. COUGHLIN. Please also update the breakdown of projects and funds obligated at the Transportation Systems Center by adding a fiscal year 1987 column.

[The information follows:]

R&D ACTIVITIES AT TRANSPORTATION SYSTEMS CENTER

[In thousands of dollars]

Title	Fiscal years				
	1983	1984	1985	1986 [1]	1987 [2]
Vehicle research	2,035	2,113	1,470	1,560	1,600
Data collection and analysis	1,020	1,486	878	862	900
Highway safety research	622	0	72	85	85
Fuel economy	0	0	0	0	0
Total	3,677	3,599	2,420	2,507	2,585

[1] Actual.

[2] Fiscal year 1987 estimated amounts.

OFFICE OF THE ADMINISTRATOR ADMINISTRATIVE EXPENSES

Mr. COUGHLIN. Please update for the record the breakdowns of the Office of the Administrator salaries and expenses and operating expenses found on page 581 of last year's hearing record.

[The information follows:]

[In thousands of dollars]

	Fiscal year—		
	1985	1986	1987
Personnel compensation:			
Permanent positons	1,825	1,830	1,861
Other than permanent	231	156	156
Overtime	10	8	8
Terminal leave	16	21	21
Awards	13	12	20
Subtotal	2,095	2,027	2,066
Personnel benefits	200	190	194
Travel	105	77	82
Operating expenses:			
Training	7	([1])	([1])
Computer support	52	12	12
Administrative services, (standard level user charges, communications, utilities, supplies, materials, and equipment)	342	245	359
Subtotal	401	257	371
Total	2,801	2,551	2,713

[1] Training is funded from a centralized account in the general administration budget activity for FY 1986–87.

TRAINING EXPENSES

Mr. COUGHLIN. Provide for the record a breakdown of training expenses similar to what appears on pages 582 and 583 of last year's hearing record.

[The information follows:]

Fiscal year 1987

A. In-house Government and non-Government:	
Writing improvement	$3,500
Proofreading	3,500
Automative safety systems	5,000
Contracting technical management	5,000
Preretirement	500
Managing stress	3,500
Wordstar	5,000
dBase II (2)	10 000
Lotus 1-2-3 (2)	10,000
Symphony	5,000
Visicalc	5,000
Networking	5,000
Total	61,000
B. Interagency training:	
Executive seminars	13,050
Capitol Hill seminars	5,000
Management skills seminars	2,400

Seminar on prospective women managers	7,500
FEI	7,500
Brookings Institute	4,400
Total	$39,850
C. Outside training completed through separate registration at colleges, technical centers and OPM	49,150
Total fiscal year 1987	150,000

SES BONUSES

Mr. COUGHLIN. Provide for the record a breakdown of all SES bonus awards made in fiscal years 1984, 1985, and 1986 showing name, title, and amount.

[The information follows:]

SES BONUS AWARDS MADE IN FY 1984, 1985, and 1986

Fiscal Year 1984

George Parker	Associate Administrator for Enforcement	$9,000
George Reagle	Associate Administrator for Traffic Safety Programs	9,000
Michael Brownlee	Director, Office of Occupant Protection Traffic Safety Programs	5,800
Ellen Kranidas	Acting Associate Administrator for Plans and Programs	5,800
Adele Spielberger	Director, Office of Driver and Pedestrian Research, Research and Development	5,600
Stephen Wood	Assistant Chief Counsel (Rulemaking)	3,900
Ralph Hitchcock	Director, Office of Vehicle Safety Standards	3,900
	Total	$43,000

Fiscal Year 1985

Felrice, Barry	Associate Administrator for Rulemaking	$9,475
Parker, George L.	Associate Administrator for Enforcement	6,075
Reagle, George L.	Associate Administrator for Traffic Safety Programs	6,075
Boehly, William	Director, Office of Market Incentives (Rulemaking)	5,925
Smolkin, Howard M.	Deputy Administrator	4,125
Spielberger, Adele	Director, Office of Driver and Pedestrian Research (Research and Development)	3,925
Allen, David W.	Assistant Chief Counsel (Litigation)	3,925
Davis, Philip	Chief, Crashworthiness Research Division (Research and Development)	3,925
Brownlee, Michael	Director, Office of Occupant Protection (TSP)	3,925
	Total	$47,375

Fiscal Year 1986

Spielberger, Adele	Associate Administrator for Plans and Policy	$6,140
Boehly, William	Director, Office of Market Incentives (Rulemaking)	5,980
Allen, David W.	Assistant Chief Counsel (Litigation)	5,980
Brownlee, Michael	Director, Office of Occupant Protection (TSP)	5,980
Smolkin, Howard M.	Managing Director	4,130
Reagle, George L.	Associate Administrator for Traffic Safety Programs	4,020
Parker, George L.	Associate Administrator for Enforcement	4,020
Kranidas, Ellen	Director, Office of Regulatory Analysis (Plans and Policy)	3,920
	Total	$40,170

SCHEDULE C EMPLOYMENT

Mr. Coughlin. Provide for the record a listing of all Schedule C appointees currently on board showing title, salary, office, and location.

[The information follows:]

SCHEDULE C APPOINTEES ON BOARD

Title	Salary	Office	Location
Special Assistant	$31,619	Office of the Administrator	Washington, D.C.
Special Assistant	$59,577	Office of the Administrator	Washington, D.C.
Director, Executive Secretariat	$47,391	Office of the Executive Secretariat	Washington, D.C.
Special Assistant	$40,105	Office of the Executive Secretariat	Washington, D.C.
Chief, Consumer Affairs Division	$44,430	Office of Public and Consumer Affairs	Washington, D.C.
Special Assistant	$21,804	Office of Public and Consumer Affairs	Washington, D.C.
Special Assistant	$31,619	Office of Public and Consumer Affairs	Washington, D.C.
Private Sector Initiatives Coordinator	$55,745	Office of Traffic Safety Programs	Washington, D.C.
Staff Assistant	$16,575	Office of Traffic Safety Programs	Washington, D.C.
Policy Advisor	$45,911	Office of Traffic Safety Programs	Washington, D.C.

SCHEDULE C APPOINTEES—HISTORICAL BREAKDOWN

Mr. COUGHLIN. Please also provide a historical breakdown of Schedule C appointees for fiscal years 1980 through 1987, listing the title and salary of each position filled at the end of each year.

[The information follows:]

HISTORY OF SCHEDULE C APPOINTEES

TITLE	SALARY
FY 80	
Special Assistant	$26,951
Secretary (Steno)	26,986
Public Information Officer	49,002
Supervisory Consumer Affairs Specialist	46,032
FY 81	
Special Assistant	$29,645
Special Assistant	26,951
Supervisory Consumer Affairs Specialist	42,919
Consumer Affairs Specialist	26,957
FY 82	
Special Assistant	$39,689
Special Assistant to the Administrator	33,586
Special Assistant	33,586
Special Assistant	28,245
Supervisory consumer Specialist	45,232
Director, Executive Staff to the President's Commission on Drunk Driving	46,685
Special Assistant	51,353

HISTORY OF SCHEDULE C APPOINTEES

TITLE	SALARY
FY 83	
Special Assistant	$41,277
Supervisory Public Affairs Specialist	50,171
Director, Executive Secretariat	41,277
Special Assistant	29,374
Director, Executive Staff to the President's Commission on Drunk Driving	49,709
Special Assistant	20,256
Special Assistant	41,277
Supervisory Consumer Affairs Specialist	48,227
Policy Advisor	34,930
Policy Advisor	29,374
FY 84	
Special Counsel to the Administrator	$50,495
Director, Executive Secretariat	42,928
Special Assistant	30,549
Supervisory Public Affairs Specialist	54,198
Private Sector Initiatives Coordinator	50,495
Policy Advisor	37,491
Policy Advisor	36,327

HISTORY OF SCHEDULE C APPOINTEES

TITLE	SALARY
FY 85	
Special Counsel to the Administrator	$54,003
Director, Executive Secretariat	45,910
Special Assistant	38,852
Special Assistant	31,619
Special Assistant	21,804
Supervisory Public Affairs Specialist	57,036
Private Sector Initiatives Coordinator	54,003
Policy Advisor	44,430
Policy Advisor	38,051
Staff Assistant	16,040
FY 86	
Special Assistant	$31,619
Special Assistant	59,577
Director, Executive Secretariat	47,301
Special Assistant	40,106
Chief, Consumer Affairs Division	44,430
Special Assistant	22,531
Special Assistant	37,599
Private Sector Initiatives Coordinator	55,745
Staff Assistant	16,575
Policy Advisor	45,911

NHS ADVISORY EXPENSES

Mr. COUGHLIN. Provide for the record a detailed breakdown of the National Highway Safety Advisory Committee's fiscal year 1995, 1996, and 1997 expenses.

[The information follows:]

	Fiscal year—		
	1995	1996 estimate	1997 estimate
NHSAC travel expenses	$7,000	$10,000	$10,000
NHSAC compensation (salaries)	6,000	6,000	[1]

[1] [illegible]

NHS ADVISORY COMMITTEE MEETINGS

Mr. COUGHLIN. Please also provide for the record a listing of NHS advisory committee meetings in fiscal years 1994, 1995 and 1996 similar to what appears on page 104 of last year's hearing record.

[The information follows:]

FY 1994 NHSAC meetings:

Full Committee Meeting, Dec. 6-8, 1993.
National Highway Safety Symposium, Feb. 28-March 1, 1994.
Driver Related Issues Subcommittee Hearing, April 12-13, 1994.
Commercial Vehicle Issues Subcommittee Meeting, May 17-18, 1994.
State-Federal Relations Subcommittee Members Attendance at Lifesavers Conference, May 7-10, 1994.

FY 1995 NHSAC meetings:

State-Federal Relations Subcommittee Meetings, January 9-11, 1995.
Commercial Vehicle Issues Subcommittee Meeting, April 16-17, 1995.
NHSAC Full Committee Meeting, June 12-13, 1995.
Emergency Medical Services Subcommittee, July 24, 1995.
Emergency Medical Services Subcommittee Meeting, August 12-13, 1995.

FY 1996 NHSAC meetings:

Emergency Medical Services Subcommittee, April 22-23, 1996.
NHSAC Full Committee Meeting, June 19-20, 1996 (scheduled).

NHS ADVISORY COMMITTEE ACCOMPLISHMENTS

Mr. COUGHLIN. Please also provide for the record a listing of the NHS advisory committee's three major accomplishments in fiscal years 1994 and 1995, and those planned for fiscal years 1996 and 1997.

[The information follows:]

FY 1984

The National Highway Safety Advisory Committee and/or its subcommittees met four times in FY 1984, and co-sponsored with the Secretary of Transportation a symposium on emerging issues in highway safety. The Symposium examined the following four major topics.

The Role of the Private Sector - Strategies for improving the involvement of the private sector in the development and implementation of State/local comprehensive highway safety programs and non-government sponsored highway safety programs.

Momentum and Self-Sufficiency of Programs - Strategies for obtaining support from political, public and private sector organizations for highway safety efforts. Identifying techniques used successfully to develop and maintain effective highway safety programs.

Emergency Medical Services - Strategies to upgrade and replace EMS equipment, and identify ways to overcome training inadequacies and high turnover in EMS personnel; and

Commercial Vehicle Safety Issues - Heavy truck operations and their involvement in traffic accidents.

Official recommendations on the above issues were adopted by the Committee and sent to the Secretary for her consideration.

o The Committee also sent a letter to the Secretary stressing the importance of continued support for uniform compliance with the 55 MPH National Maximum Speed Limit Law by all Federal, State and local officials until there is clear and supportable evidence to change it in any way.

In the Secretary's response she agreed that no changes if any would be made in the Department's guidelines or its support of the 55 MPH National Maximum Speed Limit until the study by the National Academy of Sciences was completed in November 1984.

o The Committee also submitted a letter to the Secretary endorsing the Commercial Vehicle Safety Alliance and urging her to support it. The Alliance at that time represented 13 States and 7 Canadian provinces, and has since expanded to additional States. They have agreed to facilitate the safety inspection of commercial motor vehicles by honoring each others' inspections. It is the Committee's belief that this Alliance represents an economical and effective means to remove unsafe trucks, drivers and hazardous loads from our nation's highways.

In the response to the Committee the Secretary said she will continue to work closely with the Alliance in an attempt to further the objectives of obtaining uniformity among the States in commercial vehicle safety issues. In addition, the Department would encourage all States to actively participate in the Alliance.

FY 1985

o As a result of a year long review, the Committee adopted and forwarded to the Secretary a report with recommendations on Commercial Vehicle Safety Issues. The recommendations included new approaches in a number of critical areas:

- Truck driver training and licensing must be more tailored to the operating requirements of commercial trucks in use;
- The National Driver Register must come on line as quickly as possible so that States and trucking companies can use this system to remove unsafe drivers;
- Government must develop accident data for specific types of trucks if program efforts are to become more effective in reducing accidents; and
- All States should be encouraged to adopt the critical items inspection practice of the Commercial Vehicle Safety Alliance.

In response to the report, the Secretary asked her Safety Review Task Force to review and analyze the recommendations and to identify and suggest ways to implement them.

o The Committee was asked to review the status of the U.S. emergency medical services and trauma care provided to victims of traffic accidents and other life threatening situations. This effort is underway. The EMS Subcommittee has begun initial work through assessments of EMS and trauma systems in Baltimore, MD, Washington, DC., and Pittsburgh, PA., and is scheduled to review a final trauma system in late April. The Committee's report to the Secretary will be issued in June 1986.

o As a result of the Secretary's decision on automatic protection (208), much visibility has been focused on safety belt usage. The Committee was charged with the task of identifying new ways to assist the agency in the safety belt area, and a new subcommittee was formed. Individual members have suggested new ways to improve corporate participation, and one member has established an employee belt program for his company. Several of the members have individually been very supportive of their States' efforts to enact mandatory safety belt use laws. One member became the Director of the a State Safety Belt Coalition, and has worked many hours to educate the public on the benefits of a mandatory safety belt use law.

FY 1986

The EMS Subcommittee will complete their review of EMS and trauma care, and then report findings and recommendations to the Secretary in June 1986. A Full Committee meeting is planned for June, when review activities for FY 1987 will be discussed and planned. Individual members of the Committee have continued to be very active and supportive of NHTSA programs in their own States and local communities. For example, several members are very involved in their own companies instituting employee safety belt use programs, and others are members of their State Safety Belt Coalition.

FY 1987

At this time activities for 1987 have not been planned. Much of the planning will depend upon the proposed legislation to reduce the membership on the Advisory Committee from 35 to 25 members. The planning of the subcommittees and reviews for 1987 will be discussed at the June 1986 annual meeting. The reviews will be developed around what the Department would like the Committee to study.

SECTION 402 OBLIGATIONS

Mr. COUGHLIN. Please update for the record the chart on section 402 obligations as shown on page 586 of last year's hearing record by adding a fiscal year 1987 column.

[The information follows:]

[In thousands of dollars]

	Fiscal years—				
	1983 actual	1984 actual	1985 actual	1986 estimate (request) [1]	1987 estimate [1]
PROGRAM AREA					
Alcohol safety	$39,038	$38,579	$43,822	$40,290	$36,420
Police traffic service	33,156	30,936	34,273	33,303	30,070
Emergency medical service	4,965	4,467	5,333	5,838	5,240
Occupant protection	6,703	8,825	15,895	16,556	14,990
Traffic records	6,150	6,203	14,770	14,068	11,820
All other	91	6,000	7,507	6,220	6,560
Grant administration	4,897	4,990	4,900	4,785	4,900
Total	95,000	100,000	126,500	121,060	110,000

[1] The table reflects an estimated distribution of obligations by program category based on a straight-line extrapolation of prior years' experience. The actual distribution of obligations will be determined by the States.

SECTION 402 FUNDING REDUCTION

Mr. COUGHLIN. Safety is of course the Secretary's number one priority and she has largely protected other DOT safety programs from significant reductions in her budget proposal.

Why then do you propose a 13 percent reduction in section 402 safety formula grant obligations, from $126.3 million to $110 million? Is this program not as effective as other DOT safety programs?

Ms. STEED. I have to say it is one of the very most effective safety programs, and as a matter of fact we did protect it in a couple of different ways. Perhaps it just does not show up in the numbers.

The first is that in addition to proposing $110 million, we also asked that all of the earmarking be removed, so that the full $110 million would constitute the base program for the States. Then they could choose to determine their priorities, and how they would spend the money from the full $110 million.

If that were done in fact, it would request a small increase in the base 402 program, so I do not think the States would see that as a reduction.

Secondly, you probably read in a number of the major news magazines that this whole program was targeted for elimination. However, because it is so effective and because it does provide the States with a good base for safety programs, the Secretary did in fact protect it, by restoring it to $110 million.

Mr. COUGHLIN. I mean there has to be some effect of a $16.3 million reduction. Were not the earmarked programs last year effective?

Ms. STEED. As a matter of fact some of the earmarking has caused States a problem. They could not spend effectively all of their "55" money. The 10 percent traffic record's money, for example, could not be spent in some States, Alabama in particular, because they have such a good traffic records program.

So when money is earmarked, the States are somewhat handicapped because they may not need the money in those areas, and they are unable to transfer it to others. So we think removing the earmarking would be a big step forward.

SECTION 402 DEDICATED FUNDING

Mr. COUGHLIN. On page 152 reference is made to the expiration of the two section 402 set-aside programs, i.e., 8 percent of the total for child seats and 10 percent for traffic records computerization.

Is it your position that these earmarks are no longer required from a programmatic standpoint? If not, why not?

[The information follows:]

Yes. Our pending legislative proposal would reauthorize the Section 402 grant program at $110 million and provide greater flexibility to the states by deleting all statutory earmarking from those funds.

The proposal is incorporated in Title II of the "Surface Transportation Reauthorization Act of 1986," which Secretary Dole transmitted to Congress on February 5, 1986. Section 202 of the bill would reauthorize the Section 402 program at $110 million per year for Fiscal Years 1987–90, with no earmarking of those funds. NHTSA recognizes that highway safety needs vary among different states and may change over time, so our proposal would permit the states to determine the most effective use of those funds.

It should be noted that there are already Federal guidelines which assure that Section 402 funds are used for national high-priority and high-payoff safety programs. A joint NHTSA-FHWA rulemaking in 1982, required by the 1981 Budget Reconciliation Act, determined the six priority program areas—alcohol countermeasures, police traffic services, occupant protection, traffic records, and emergency medical services (for NHTSA 402 funds) and safety construction and operational improvements (for FHWA 402 funds), 23 C.F.R. Pt. 1206. Within those guidelines, NHTSA believes that each state should be permitted to determine the most effective allocation of 402 funding.

Our proposal is based in large part on the practical problems that states have encountered with statutory earmarking. For example, the separate earmarking of funds to encourage safety belt useage (2 percent) and child safety seat usage (8 percent) has hampered state efforts to develop comprehensive programs promoting all types of occupant protection. The earmarking of $20 million for 55 mph speed limit enforcement has proven burdensome for states which already meet Federal 55 mph enforcement standards and wish to expand their efforts to enforce other speed limits and traffic laws. States may also have special needs from time to time for additional resources to combat drunk driving or to improve emergency medical services, but the earmarking of funds limits their ability to undertake such initiatives.

NHTSA does not believe it is feasible to develop a single formula earmarking Section 402 funds which adequately responds to the differing highway safety needs of all 50 states. Accordingly, we have proposed that each state should be permitted to determine (within the general Section 402 guidelines) the best use of this funding each year, taking into account the state's own safety needs and other available resources. In addition, we note that our legislative proposal (203(d)) also provides for periodic rulemaking proceedings to assure that the priority program areas for Section 402 funds continue to address national highway safety needs.

GRANT ADMINISTRATION FUNDING REQUIREMENT

Mr. COUGHLIN. On page 151, what will be the effect of holding section 402 grant administration expenses to $4.9 million? Will this cause any personnel reductions or administrative funding shortages?

Ms. Spielberger. That $4.9 million actually represents an increase of 115,000 over the 1986 level after the sequestering, and we estimate that it is sufficient to finance the staff and the support costs of the personnel. It actually provides support for the program at the same level, in personnel numbers.

GRANT ADMINISTRATION OPERATING EXPENSES

Mr. Coughlin. Please update for the record the grant administration operating cost breakdown on page 587 of last year's hearing record by adding a fiscal year 1987 column.

[The information follows:]

	Fiscal year—		
	1985	1986	1987
OBJECT CLASS			
Standard level user charge	175	[1] 103	175
Other rent, communications and utilities	147	86	147
Other services	102	60	102
Supplies and materials	50	30	50
Equipment	50	30	50
Total	524	309	524

[1] The reduction represents a distributive share of the 1986 Gramm-Rudman cuts. In budget execution we may have to allocate the reduction to another expense category, depending on the practicability of reducing SLUC rates.

ALCOHOL SAFETY INCENTIVE GRANT FUNDING LEVELS

Mr. Coughlin. On page 162, you estimate that you will obligate $14.4 million for alcohol safety incentive grants in fiscal year 1986. That is considerably less than the $28.8 million you estimated last year would be obligated.

Why does this program continue to fall short of expectations?

Ms. Steed. That was tough to predict. Those were some pretty tough basic standards that the States had to meet. They are now beginning to do so and we see a number of States will be coming on line in the near future. They are beginning to be able to meet the basic grant criteria.

We believe that for fiscal year 1986 no funds will lapse. We think that for 1987, about $18 million of those funds might lapse.

Mr. Coughlin. If the 408 funding were reduced, do you think the increased competition among the States this would cause, would provide an additional incentive for the States to enact tougher alcohol laws?

Ms. Steed. No. I really do not. Some of the problems that the big States are having are such that providing an additional incentive might not do it. The funds for which each State might be eligible are relatively small now, and I suspect the problems in qualifying for the grants may be so great, that cutting the funds would not have a competitive effect.

Mr. Coughlin. Does that mean it is not really working as an incentive program?

Ms. Steed. Well, it is to some extent, except that, as I said, a couple of criteria, like the hard suspension of driver's licenses, and the rapid suspension of driver's licenses, within 45 days, are very tough for some of the big States to meet. We do see two or three of those big States coming very close to qualifying and, in fact, we expect them to qualify this year.

If they do, the program has worked exactly as contemplated.

Mr. COUGHLIN. Is the 408 program authorized for fiscal year 1987?

Ms. STEED. We did not seek reauthorization of the program for 1987.

ALCOHOL SAFETY INCENTIVE GRANTS FOR QUALIFYING STATES

Mr. COUGHLIN. How many states do you estimate will have qualified for basic and supplemental grants by the end of fiscal year 1987, and would you consider this program a success or failure based on those results?

[The information follows:]

Based upon our informal discussion and feedback with State officials and a review of pending legislation, we project during FY 1986 six to eight States may qualify for the Basic grant and three States for both the Basic and Supplemental. During FY 1987, we project three additional States may qualify for both Basic and Supplemental grants and that six of the States qualifying for the Basic grants in prior years will qualify for Supplemental grants. Currently, fourteen States have qualified for the Basic and Supplemental grants and three States have qualified for only the Basic grants. We are projecting up to thirty states will be participating in the 408 program by the end of the FY 1987. Early results indicate the program is achieving its desired results. The program is working as intended to encourage States to take extra measures to combat drunk driving. For example:

North Dakota, the first State to qualify, has experienced a 34 percent decrease in alcohol-related fatal crashes in 1984 compared to 1983, and a 37 percent reduction compared to the previous ten-year average.

Indiana has experienced similar results with a 30 percent reduction in alcohol-related fatalities in their first year after receiving 408 funds. Delaware has had a strong DWI program since 1981; it has continued to sustain a 30 percent reduction in alcohol-related crashes with the funds it received by qualifying for an alcohol traffic safety incentive grant.

New Mexico experienced a 15 percent reduction in alcohol-related traffic deaths in 1984 compared to 1983.

Alaska reports during 1983, a total of 135 fatal crashes resulting in 150 fatalities. In 1984, this decreased to 123 fatal crashes with 137 fatalities. In addition, the number of DWI arrests increased from 4,377 in FY 1983, to 7,234 in FY 1984, a 65.2 percent increase.

ALCOHOL-RELATED LEGISLATION

Mr. COUGHLIN. Can you venture an educated guess as to whether or not most of these States would have passed this kind of alcohol-related legislation without this incentive grant program?

[The information follows:]

During the past several years, there has been substantial activity in all 50 states to strengthen their laws against drunk driving. This legislative activity has responded to widespread public concern over the tragic results of alcohol abuse on our highways, and to grassroots citizen support for tougher laws and stricter enforcement to combat the problem.

It is, or course, virtually impossible to assess the subjective motivation of the various state legislators or determine whether they would have enacted the same legislation without the incentives provided by the Section 408 program. We do note that several states which had been reluctant to adopt certain alcohol countermeasures specified by Section 408 (such as "hard suspension" of licenses and mandatory jail sentences for repeat offenders), have enacted such laws since 1983 and enabled the states to qualify for the incentive grants; we assume the presence of Section 408 funding to adopt those measures. But we also note that all states, including those which have not qualified for Section 408 grants, have enacted stronger drunk driving laws; our records indicate approximately 500 such laws enacted over the past five years. And we have seen progress in the fight against drunk driving on a nationwide basis, in both 408 and non-408 states.

ALCOHOL SAFETY INCENTIVE GRANTS BY STATE

Mr. **Coughlin**. Please update the alcohol safety grant funding breakdown found on page 589 of last year's hearing record.

[The information follows:]

ALCOHOL TRAFFIC SAFETY INCENTIVE GRANTS

[Funds awarded as of March 11, 1986]

State	Basic	Supplemental	Total award
Alabama	556,418	(1)	556,418
Alaska	157,200	104,800	262,000
Arkansas	420,848	280,565	701,413
Delaware	157,200	104,800	262,000
Indiana	723,902	482,601	1,206,503
Louisiana	527,956	351,971	879,927
Maine	157,200	104,800	262,000
Mississippi	387,633	258,422	646,055
Montana	217,959	145,306	363,265
Nebraska	164,093	109,395	273,488
New Hampshire	157,200	104,800	262,000
New Jersey	796,474	(1)	796,474
New Mexico	233,866	155,911	378,777
North Dakota	232,358	154,906	387,264
Rhode Island	157,200	104,800	262,000
Utah	230,349	153,566	383,915
Washington	572,533	(1)	572,533
Total	5,850,389	2,616,643	8,467,032

(1) 45 day prompt suspension criteria not met.

Mr. **Coughlin**. That concludes the justification questions Mr. Chairman. I have here some questions for the record from Mr. Wolf, that I would like to put in here.

Mr. **Lehman**. Without objection.

CHILD SAFETY SEAT PROMOTION CAMPAIGNS

Mr. **Wolf**. Last year we discussed the benefits of a child safety seat promotion campaign, whereby working with NADA, automobile companies and dealerships would be encouraged to offer compatible child safety seats.

We also discussed the possibility of auto clinics for installation of child safety seats. Has any progress been made this year?

[The information follows:]

The issue of child safety seat compatibility continues to be a priority in NHTSA. We are working closely with the Society of Automotive Engineers (SAE) to provide design guidelines to vehicle manufacturers and child car seat manufacturers to make the vehicle seats and lap belts more compatible with child restraints. The National Passenger Safety Association (NPSA) is also under contract to NHTSA to develop a new compatability brochure on passive restraint systems and child safety seats.

In addition, automobile manufacturers market various types of compatible child safety seats to their dealer organizations. Dealerships, in turn, make the proper seats available to consumers that are compatible with the specific model car that it is to be used in. Some dealers, in fact, include a compatible child safety seat, at no additional charge, with cars purchased by expectant parents.

The National Automobile Dealers Association (NADA) encourages the active support and involvement of its dealer members in programs promoting the proper use of child safety seats. NHTSA will be pursuing a more intensive education and promotion program with NADA to build upon their unique opportunity to inform consumers at the point of vehicle delivery and orientation.

Auto clinics for the installation of child safety seats have been held in several communities across the country. We encourage local organizations involved in child passenger safety to work with local dealerships in conducting auto clinics.

CHILD SAFETY SEAT MISUSE

Mr. **Wolf**. You indicated last year that 60 to 70 percent of child restraint seats were used improperly, thereby increasing the chance of injury in the case of an accident. Has the incidence of proper child restraint seat use increased?

[The information follows:]

Yes. The data you refer to came from a special one-time study done in the summer of 1983. We have also been collecting information on restraint systems use in 19 cities each year. The data indicate that correct use of child safety seats is increasing: In 1983, 75 percent of the toddlers in child safety seats were harnessed in their seats; during the last half of 1985, it increased to 81 percent. In 1983, 39 percent of toddler seats were correctly installed in the vehicle; during the last half of 1985, it was 64 percent.

CLOSING REMARKS

Mr. **Coughlin**. Mr. Chairman, that concludes the justification questions.

Mr. **Lehman**. Thank you very much, Mr. Coughlin. I think that both Mr. Coughlin and I are very impressed with you and your staff and the job you have done on your budget justifications. You did a fantastic job and you should be very proud of what you have been able to provide us with today.

Ms. **Steed**. Thank you.

PROBLEM DRINKERS

Mr. **Lehman**. I just have one concern. You mentioned the fact that you have educated people to let somebody else drive when they come home from a party, but my understanding is that the problem is not the social drinker—who has had too much at the office party, or somebody that went to some kind of a Congressional fund raiser or something—but it is the person who is a hard-core, problem drinker.

We tend to think of people that cause drunken driving accidents as those who are occasional drinkers.

Do you have any data on the amount of drunk driving accidents that are caused by, quote, "problem drinkers," unquote?

Ms. **Steed**. I believe we do, Mr. Chairman. Do you have that, George?

Mr. **Reagle**. I think at one point, when you look at single vehicle fatalities, where it is a lot easier to attribute cause, about two-thirds of those had BAC's over .20.

Ms. **Steed**. Which would be a problem drinker.

Mr. **Reagle**. That is twice the legal limit.

Mr. **Lehman**. They are not the ones you could convince to have somebody else drive them home. And I do not know if you have any plan to deal with them.

I do not know whether there is any way you can solve it.

Ms. **Steed**. Most of our money in that area has been concentrated, again, on dealing with the drunk driver problem, and on getting people to wear their safety belts.

We will be looking at a few additional areas, things like drugged driving, for example.

DRIVER ATTITUDES

Mr. **Lehman**. And attitude problems of the driver. You know, you have a nice person and you put him behind an automobile, he becomes a monster.

Ms. **Steed**. Yes—changes personality.

Mr. **Lehman**. Yes. I mean, really, that there is a problem there, and I think it is something you could look at.

And one of the big traffic problems in Dade County has been the handguns in the glove compartment. Do you really have any data on people that resort to violence as a result of "fender-benders.' and things, just because of the availability of handguns?

Ms. **Steed**. I do not know that we have data. I will be happy to check and supply it for the record.

Mr. **Lehman**. You know, in certain areas of Miami, people have told me they are afraid to blow their horns at somebody.

Ms. **Steed**. That does not appear to be a problem around here.

Mr. **Lehman**. You know, people are becoming very sensitive about those things, and I have had people who have been killed as a result of a confrontation that resulted from a minor accident. And we would like to look into those things, too.

Thank you very much for being here. You do not have a holiday for two weeks, do you?

Ms. **Steed**. We have a two-day holiday coming up tomorrow. Thank you, Mr. Chairman.

Mr. **Lehman**. A pleasure to have you.

WEDNESDAY, MARCH 19, 1986.

FEDERAL HIGHWAY ADMINISTRATION

WITNESSES

RAY A. BARNHART, FEDERAL HIGHWAY ADMINISTRATOR

RICHARD D. MORGAN, EXECUTIVE DIRECTOR

RICHARD B. ROBERTSON, ASSOCIATE ADMINISTRATOR FOR POLICY

DAVID K. PHILLIPS, ASSOCIATE ADMINISTRATOR FOR RESEARCH, DEVELOPMENT AND TECHNOLOGY

REX C. LEATHERS, ASSOCIATE ADMINISTRATOR FOR ENGINEERING AND PROGRAM DEVELOPMENT

MARSHALL JACKS, JR., ASSOCIATE ADMINISTRATOR FOR SAFETY AND OPERATIONS

RICHARD P. LANDIS, ASSOCIATE ADMINISTRATOR MOTOR CARRIERS

DANIEL MARKOFF, ASSOCIATE ADMNISTRATOR FOR ADMINISTRATION

Mr. LEHMAN. The Subcommittee will come to order.

This morning, we will receive testimony on the fiscal year 1987 budget request for the Federal Highway Administration.

Our principal witness today is Mr. Ray A. Barnhart, the Administrator of the Federal Highway Administration.

Mr. Barnhart, we will be pleased to hear your statement at this time. You may read it, or if you would prefer to summarize it, we shall insert your entire statement in the record.

OPENING REMARKS

Mr. BARNHART. Thank you, Mr. Chairman. I am pleased to be here with our associate administrators. I will submit the long statement for the record, and I think I will just leave it at that, for our discussion that we will have today, in the next few hours, I think will cover all the points that we would anticipate discussing.

Mr. LEHMAN. We will probably have a number of votes today, so we had better make time while we can.

Mr. BARNHART. Yes. I will say, that in our bill, I believe that we do strike a good balance between the needs of the highway program and the deficit reduction demands imposed by the Gramm-Rudman-Hollings Act, and I make no apologies for that. Rather, I applaud the concept of what we are trying to do, because I think, regardless of fiscal constraints, we should be doing many of the things that we are advocating.

[The prepared statement follows:]

STATEMENT OF

RAY A. BARNHART

FEDERAL HIGHWAY ADMINISTRATOR

FEDERAL HIGHWAY ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

BEFORE THE
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON TRANSPORTATION

March 19, 1986

Good Morning, Mr. Chairman, Members of the Committee:

It is again a great pleasure to appear before this Committee and to present the F.Y. 1987 Budget Estimate of the Federal Highway Administration. Accompanying me are the FHWA program managers who will provide the expertise regarding the many areas of interest of this committee. Since I will call upon them to expand on my remarks and provide details, I would like to introduce them at this time.

Highway Reauthorization Bill of 1986

Before describing our F.Y. 1987 Budget Request, I would like to highlight our reauthorization proposal, the first year of which is the basis for our Budget Request.

The Administration's Reauthorization proposal would be the first major highway legislation to follow the 1982 Surface Transportation Assistance Act, P.L. 97-424, which authorized funds through FY 1986. The proposal was sent to you last month and with your permission, I would like to highlight for you what I think are the key concepts and provisions:

- o The proposal covers a four year period from F.Y. 1987-1990 and extends the Highway Trust Fund and current user fees for four years through F.Y. 1992;
- o The proposal authorizes about $14.17 billion annually from the Highway Trust Fund, with about $12.01 billion authorized for FHWA programs;
- o The bill will also provide additional flexibility to the States by allowing first, higher non-Federal contributions to projects in all programs and second allow States to use Federal-aid funds for construction of new toll highways;
- o Authorizations, in our legislative proposal, are set to equal estimated average user fee revenues, excluding interest, to the Highway Trust Fund. The bill does proposes this equality to ensure "deficit neutrality";

that is, the bill does not increase or decrease the annual deficit. While this results in lower budget levels than under the STAA, it is consistent with overall decisions by the President and Congress to reduce the Federal deficit;

- The block grant provisions included in this proposal will significantly increase the flexibility of State and local governments in the use of highway and transit funds with greatly reduced Federal requirements;

- The bill would also provide more flexibility to the States by combining the Federal-aid primary, the Interstate Reconstruction (4R), and the Interstate Construction programs into a single program called the Interstate/Primary, authorized at $7.0 billion;

- The Motor Carrier Safety Grants program would be financed through a $50 million set-aside from the combined Interstate/Primary program and would have contract authority;

- The bill would continue a separate authorization for reconstruction of bridges on the Primary System. Hazard Elimination and Rail-Highway Crossing programs would also be retained as separate categories;

- A Strategic Highway Research Program (SHRP) financed through a 1/4 percent take-down from certain authorizations will increase the effectiveness of the highway program by promoting research which focuses on, for example, the most critical pavement needs.

I look forward to working with Congress on this bill, which I think has many excellent provisions. Of course, total budget authority level is a legitimate concern. Let me point out that I think the proposal represents a balance between the need of the Nation's highways and the need to reduce the deficit to a level consistent with the Gramm-Rudman-Hollings Act. I think that when we have had the opportunity to "go through the numbers" together, you will see what I mean. For example, the Federal-aid Highways budget authority and obligation limitation proposed for F.Y. 1987, the first year of the reauthorization bill, exceed the authority and ceiling for the first year of the STAA and also exceeds the F.Y. 1986 limitation after the Gramm-Rudman-Hollings reductions. When you consider both the level of authority as well as the flexibility that the States would have in the use of these funds, I think you will understand the overall financial and programmatic merits of this proposal.

F.Y. 1985 Accomplishments

I would like to mention a few of the F.Y. 1985 accomplishments which we consider noteworthy as well as some of our emphasis areas for current and future years.

- Program Level

  Obligations for "Federal-aid Highways" in 1985 exceeded $14.0 billion, surpassing 1984 by more than $1.0 billion.

- Interstate System

  An additional 297 miles were put into service and another 333 miles were put under contract, leaving about 640 miles to be completed.

- Interstate 4R

  Resurfacing, restoration, rehabilitation, and reconstruction projects were again emphasized--obligations for these activities were almost $2.4 billion.

- Bridge Replacement and Rehabilitation

  In the Highway Bridge Replacement and Rehabilitation program, obligations were almost $1.6 billion in F.Y. 1985.

- Highway Safety

  Approximately $339 million were obligated for the various safety construction programs.

- FHWA Disadvantaged Business Enterprise

Prime contracts and subcontracts totaling $1.42 billion were granted to disadvantaged businesses and $296 million in prime contracts and subcontracts were awarded to firms owned and/or controlled by women.

Current and Future Emphasis

In fiscal year 1986, we will continue our efforts to fully implement the programs and activities of national interest identified by the Congress in the 1982 STAA. Safety, Disadvantaged Business Enterprise (DBE), effective implementation of STAA Funding, and quality design and control are FHWA's current emphasis areas. For F.Y. 1987, we will focus on successful implementation of the enacted Highway legislation as well as continuing our efforts such as Motor Carrier Safety Grants Program, quality design and construction, and the bridge management program.

Summary of the Budget

Our F.Y. 1987 Budget Request is based on the highway reauthorization proposal and the Administration's overall budget strategy of controlling Federal spending to meet deficit targets. A few key elements are:

Key Elements

- **Program Levels**

  Program level or obligations are the most meaningful indicator of budget activity. We anticipate total obligations of about $12.8 billion, which includes $12.77 billion for the Federal-aid Highways account, $10 million for Highway-Related Safety Grants, almost $20 million for the Bureau of Motor Carrier Safety operations, $7 million for Highway Safety Research and Development, and the remainder primarily from carryover balances.

- **Federal-Aid Highways**

  This account includes our principal construction programs and provides the basic foundation of the Government's efforts to assist States and localities in developing and improving the national highway system.

  For F.Y. 1987, we are proposing an obligation limitation of $12.420 billion, with Emergency Relief and Minimum Apportionment exempt from this limitation. We are again proposing to end the proliferation of programs exempt from the limitation by limiting the exemptions to Emergency Relief and Minimum Apportionment.

The general provisions relating to the Federal-aid obligation limitation are similar to those contained in the F.Y. 1986 Appropriation Act. Specifically, the distribution of the obligation limitation would be based on a formula using both apportionments and allocations. There would be a redistribution of unobligated limitation after August 1, 1987, with priority given to States having large unobligated balances of apportioned funds and to States which have experienced substantial proportional reductions in their apportionments because of certain statutory changes. There would be a first quarter control on obligations with no State obligating more than 40 percent of its share of the limitation and the total of all obligations by all the States could not exceed 25 percent of the annual limitation; and a provision excluding from the distribution administrative expenses, Federal lands highways programs, the Highway and Transit Block Grant, the Strategic Highway Research Program, and the Motor Carrier Safety Grants Program.

- Motor Carrier Safety-Operations

Our request for the on-going motor carrier safety program is $19.515 million. Most significantly, the request would provide for 150 additional staff, an approximate doubling of the current field safety specialist staff. The increased staff will enable FHWA to carry out a more effective motor carrier safety program which concentrates on identification of problem carriers and increases safety compliance. Program activities will concentrate on increasing transportation safety related to high risk materials, and to provide safety equipment, hazardous cargo training and technical assistance to State enforcement agencies. The account, which is proposed to be financed from the Highway Trust Fund beginning in F.Y. 1987, would be increased by $6.213 million over the F.Y. 1986 appropriation. In addition to the increase for staffing, increases for contract research, data collection, and safety panel support are included in our F.Y. 1987 request.

The Secretary has announced a plan to hire an additional 150 safety specialists beginning in April 1986. With Congressional approval, we plan to reprogram up to $1.601 million in F.Y. 1986 funds to pay the salaries and other related expenses of the new safety staff. I know that you have been very concerned about highway safety in general, and this program in particular. I respectfully request your prompt approval of this reprogramming request.

o General Operating Expenses (GOE)

This account provides funding for virtually all of the salaries, expenses, and research and development programs of FHWA. Our request for a F.Y. 1987 limitation is $206.2 million compared with $195.0 million in F.Y. 1986 once the Gramm-Rudman-Hollings reduction is considered.

As always, the change from one year to another is the result of numerous "gives and takes". The adjustments to base and built-in changes, which amount to $6.899 million, include general inflation, increased personnel costs resulting from current legislation, and increased office space rental payments to GSA. The $4.3 million in GOE program changes reflects various decisions and priorities consistent with the legislative program and our on-going organizational goals. The budget levels planned for FHWA research have been coordinated with the SHRP to avoid duplication of effort. Most significantly, as part of the overall effort to shift Federal activities to the private sector, FHWA is making a good faith effort toward privatization of the operation of Turner-Fairbank Highway Research Center by contract with a non-Federal entity. Our F.Y. 1987 budget reflects a reduction of 158 personnel associated with this effort.

Other Details

There are a few other F.Y. 1987 budget details which I have not yet mentioned but which are noteworthy and I would like to discuss them briefly at this point.

Highway-Related Safety Grants

Our legislative proposal requests budget authority in the amount of $10.0 million for F.Y. 1987 and our budget proposes to utilize the entire amount.

Right-of-Way Revolving Fund

As part of the Administration's overall effort to assure prudent management of Federal credit programs, a limitation of $50 million on gross obligations is proposed for F.Y. 1987. Our legislative proposal provides for charging the States interest on advances made for the purchase of right-of-way, except purchases for Interstate construction projects.

Highway Safety R&D

Our proposed budget requests $7.0 million for F.Y. 1987. This amount, a reduction of $1.1 million from F.Y. 1986, provides for continuance of the on-going safety research effort.

Gramm-Rudman-Hollings Legislation

In implementing the provisions of the Gramm-Rudman-Hollings legislation, I am confident that we have followed the guidance of this Committee and have applied the reductions in both the obligation limitation and program authorizations proportionately among the various States and program categories respectively. The levels proposed in our F.Y. 1987 budget, when addressed collectively with the remainder of the President's budget, are designed to meet the 1987 objectives of P.L. 99-177. I would hope that we can work together on our budget requests so as to forego the "across-the-board" reductions as provided in the deficit control act and as applied during F.Y. 1986.

Conclusion

We will be happy to discuss our budget estimates in detail, answer your questions, and provide additional information that may be helpful to the Committee in reaching its decisions on our F.Y. 1987 requests.

IMPACT OF 1985 DEFICIT ACT ON FEDERAL-AID HIGHWAYS

Mr. LEHMAN. The Balanced Budget and Emergency Deficit Control Act of 1985 requires a $660 million cancellation of Federal-aid highway authorizations and a $548 million decrease in your fiscal year 1986 obligation limitation.

What effect will this reduction in funding for highway construction and maintenance have on safety, employment, interstate completion, and highway and bridge condition?

Mr. MORGAN. Mr. Chairman, naturally any time we have a reduction it will have some impact in the highway construction program. It may postpone interstate completion, it may postpone needed improvements, but all in all, there are sufficient funds, even at a reduced level, to keep up with the 4R work and the work on the primary system and interstate system, to maintain a pace.

The reduction in the authorizations will have little impact or no impact this year, because the obligation ceiling was below the authorization level anyhow.

IMPACT OF 1985 DEFICIT ACT ON ADMINISTRATIVE FUNDS

Mr. LEHMAN. The Gramm-Rudman-Hollings legislation also requires an $8.7 million decrease in your limitation on general operating expenses for fiscal year 1986.

What effect will this decrease have on your ability to oversee the implementation of the federal-aid highway program? How will you achieve this reduction?

Mr. MORGAN. I will answer the second part first, Mr. Chairman. We achieved the reduction by taking cuts, the majority, or the major portion of the cuts in our no-year funds and contract programs. Our PS&B account, which is salaries, expenses, travel, we took cuts, but of a much lesser magnitude.

The net result is that we will not have any reduction in personnel this year. At this time, we propose no reductions in personnel, so our ability to oversee the program will remain the same.

The impact of the greater reductions in the no-year funds does mean that some of the contract programs, activities, will just have to be deferred to a later year.

ANALYSIS OF GOE REDUCTIONS

Mr. LEHMAN. For the record, could you break down that information as to specific items.

Mr. MORGAN. Yes, Mr. Chairman. I have a table here which we will furnish for the record.

[The information follows:]

	Fiscal year 1986 appropriation	Gramm/Rudman reductions	Fiscal year 1986 after sequestering
Personnel resources:			
Full-time permanent positions	2,629		2,629
Full-time permanent FTE's	2,574		2,574
Other than FTP FTE's	205		189
Financial resources:			
Salaries and benefits	$117,310	$1,000	$116,310

	Fiscal year 1986 appropriation	Gramm/Rudman reductions	Fiscal year 1986 after sequestering
Travel	4,684	0	4,684
Transportation	653	0	653
Rent, communications and utilities	14,926	200	14,726
Standard level user charges	9,761	0	9,761
Other	5,165	200	4,965
Printing	1,209	0	1,209
Other services	62,933	7,217	55,716
R&D highways	13,934	1,690	12,244
Highway safety R&D	8,500	366	8,134
Skill training	4,887	593	4,294
Minority business enterprise	9,773	1,185	8,588
Bonding demonstration	0	0	0
Interjur. trucking program	891	38	853
National accident sampling survey	628	228	400
Truck and commodity survey	440	390	50
Rural transportation assistance	4,838	587	4,251
Virginia highway studies	300	0	300
Los Alamos to Santa Fe study	500	0	500
National highway institute	1,416	416	1,000
Demonstration projects	2,970	1,500	1,470
Other	13,856	224	13,632
Supplies	957	0	957
Equipment	1,089	345	744
Total limitation	203,761	8,762	194,999

DEFICIT REDUCTION ACT AND OBLIGATION RATE

Mr. **Lehman**. Was the rate of obligations during the first five months of fiscal year 1986 higher than in prior years, and if so, did this occur because some States were trying to minimize the effects of the March Gramm-Rudman-Hollings reduction?

Will the States that are slower to obligate be disproportionately affected as a result of the March reduction?

Mr. **Barnhart**. I think there was a speeded-up rate of obligation. Of course, we were controlled by the first quarter limitation. We did have three States that wanted to zero out prior to the deadline. However, we have two States who zeroed out thus far. I do not believe that the other States will be negatively affected.

Mr. **Lehman**. Your February monthly report of obligations and unobligated balances by each State shows several States will have low obligations for the month of February.

For example, Pennsylvania obligated only $500, Nevada obligated only $45,000, and Delaware obligated only $49,500.

Why were obligations so low in these States during February? Does this mean any of these States have obligated up to their limitation?

If so, how could this have happened so soon? Are not first quarter obligations restricted to 35 percent for each State and to 25 percent for overall obligations?

Mr. **Morgan**. Pennsylvania and Nevada have obligated 100 percent of their obligation ceiling. That is why their obligations were low in February. They zeroed out in February.

Delaware. The only reason I believe their obligation rate is low, they have no projects ready to go, because they have, as of the end of February, only obligated about 18 percent of their total obligational authority for the year.

Mr. **Lehman**. You may elaborate on that for the record.

[The information follows:]

Although several States' obligations in February are low, the States collectively obligated $1.066 billion, representing the second highest February obligations during the last ten years.

Mr. **Lehman**. The last part of the question: How could this have happened so soon?

Mr. **Morgan**. Well, I think that the States were well aware of the impact of Gramm-Rudman-Hollings and obligation reductions would come about. They did not know the exact extent, so I think many of the States obligated at a faster rate than usual. In fact, January of 1986 was the highest January on record by about twofold.

STATES OBLIGATING UP TO FY 1986 OBLIGATION LIMIT

Mr. **Lehman**. What States have obligated up to their fiscal year 1986 limitation or are in danger of doing so, and have any exceeded their limitation as a result of the Gramm-Rudman-Hollings sequestration?

Mr. **Morgan**. Yes, sir. There are three States that obligated over their 1986 obligation ceiling.

Mr. **Lehman**. And for the record, could you submit those?

Mr. **Morgan**. Yes, sir.

[The information follows:]

The three States that had obligated more than their total revised FY 1986 obligation limitation (net of the Gramm-Rudman-Hollings reductions) as of February 28, 1986, were Georgia, Nevada, and Pennsylvania.

Mr. **Lehman**. How do you have that?

Mr. **Morgan**. We intend to recoup the funds overobligated by virtue of underruns, to get them back to their ceiling, and it should have no impact on the other States.

RECONCILIATION BILL

Mr. **Lehman**. As I understand it, the pending reconciliation bill would increase the fiscal year 1986 highway obligation bill to $13.1, an increase of about $900 million. Do you support this increase? You can plead the Fifth, if you want to.

Mr. **Barnhart**. I will plead the Fifth. No, you know, in conscience, I can support the level of program we have proposed. I am not saying that the States could not use more funding. Obviously, I am not going to try to contradict our needs studies, and the five years that I have been up here and testified to you; but I do believe that what we have proposed is a prudent mix, a prudent balance between needs on both sides, and while I will repeat that the highway program has not contributed to this $1.7 trillion deficit, nonetheless we are in the unified budget, and I think we have to accept our reductions on a temporary basis, as all the rest of government.

Mr. **LEHMAN**. If you were writing the budget, what level would you support for 1986? Barring all the politics and other restrictions, if——

Mr. **BARNHART**. Well, obviously, if we did not have a national——

Mr. **LEHMAN**. Unified——

Mr. **BARNHART** [continuing]. Program, a problem, I would have a higher level than what we presently have, but not as high as many people want, Mr. Chairman, because I am convinced that we can better use a lot of the funds we have spent, if we have some changes in the way we do things.

For I think there is a tremendous amount of loss in our program in spite of the excellent management of Federal Highway.

Mr. **LEHMAN**. You would not want to pick a number?

Mr. **BARNHART**. Well, no. I think we could pick up more purchasing power by, good heavens, over a billion dollars. Look at Davis-Bacon; look at some of the other programs we have had. We are really blowing, unwisely, an awful lot of that purchasing power.

Sure, we could go up to a $15 billion program without any problem. But I do not think that would be fair, nor do I think it would be in the best interests of the country. So I am content with the level we are at.

Mr. **LEHMAN**. Well, while you think of a good number, I will go to vote.

[A vote recess was taken.]

CONSIDERATION OF FY 1986 LEVEL

Mr. **LEHMAN**. Have you decided on a fiscal year 1986 level? If not, since your 1987 proposed legislation is deficit-neutral, do you believe this concept should be applied to 1986 also? Did you hear me? I will repeat.

Mr. **BARNHART**. No, I did not. I am sorry.

Mr. **LEHMAN**. Have you decided on a fiscal 1986 level?

Mr. **BARNHART**. Our 1987 of course is based upon——

Mr. **LEHMAN**. 1986 first. You know, we asked you about the $13.1 billion. I am just talking about the Reconciliation Bill that——

Mr. **BARNHART**. Oh, yes. And I took the Fifth Amendment, I think, and then probably dug myself in deeper.

Mr. **LEHMAN**. I can understand how you are in a difficult position to actually name a definite number at this point, but could you give us even a ballpark figure?

Mr. **MORGAN**. Mr. Chairman, if there were no deficit problems or no constraints, I believe the Federal Highway Administration position is that we would recommend a program level equal to the authorization level.

Mr. **Lehman**. Well, that of course is not the situation. I do not think there is any point in pursuing this discussion at this time, but if you could, supply some additional information for this Committee.

Mr. **Morgan**. We will supply that for you, sir.

[The information follows:]

Federal Highway Administration has not formally canvassed the States to determine how much they could obligate if not constrained by the obligation ceiling. However, judging from the ease with which the $13.25 billion limit was reached during fiscal year 1985, and the fact that the total budget authority available during FY 1986 for programs subject to the limitation is about $20 billion, we anticipate the States would have no difficulty in fully obligating the $13.125 billion ceiling set by the reconciliation legislation (H.R. 3128).

REAUTHORIZATION BILL

Mr. **Lehman**. The highway and transit programs must be reauthorized next year, and your fiscal year 1987 budget request is based on the first year of a 4-year highway and transit reauthorization proposal.

Your proposed bill contains about a 13 percent cut in highway funding between fiscal year 1986 and 1987—from $14.68 billion to $12.77 billion in new budget authority.

Why are you proposing this reduction when highway trust fund income would appear to be able to support a substantially higher program level?

Mr. **Barnhart**. The issue is one of choices, and, as I said before, we try to balance our needs with the realities of the budget situation.

Our proposal is based upon actual income and actual out-go. Actual income, not including any interest, for, if we included interest, that would still net out as a further outlay from Treasury, which would compound our balancing problem.

So that was the basis of what we call the deficit neutral proposal.

HIGHWAY TRUST FUND—CASH BALANCES

Mr. **Lehman**. What is your estimate of the total cash balance in the highway account of the Highway Trust Fund at the close of fiscal year 1990, and how does that compare to the estimated cash balance at the close of the current fiscal year?

[The information follows:].

The estimate of the total cash balance in the highway account of the Highway Trust Fund at the close of Fiscal Year 1990 is $12,804.8 million; the estimated cash balance in the highway account of the Highway Trust Fund at the close of Fiscal Year 1986 is $9,533.7 million.

SUSTAINABLE FEDERAL-AID LEVEL

Mr. **Lehman**. In past years, this Committee has been interested in maintaining an appropriate balance between Highway Trust Fund income and spending.

While the 1982 Surface Transportation Assistance Act authorizations exceeded trust fund receipts, it now seems as if the pendulum is swinging in the other direction.

There has been a significant decline in the price of oil, automobile travel is increasing, and the outlook for financial strength of the Highway Trust Fund seems to be improved over last year, yet your proposed highway authorization level for fiscal year 1987 is 13 percent below the current fiscal year.

What do you estimate is the maximum obligation limitation level that could be sustained for fiscal years 1987 through 1990, without going into the hole?

Mr. MORGAN. The obligation level that could be sustained from 1987 through 1990 is approximately $15.6 billion per year, without triggering the Byrd Amendment.

Mr. LEHMAN. Is that an average, or would it be——

Mr. MORGAN. That is a straight line, year by year; yes, sir.

FEDERAL-AID HIGHWAY PROGRAMS UNDER VARIOUS ASSUMPTIONS

Mr. LEHMAN. For the record, please show the maximum obligation limitation level that could be sustained for fiscal years 1987 through 1990, assuming: (1) maintenance of a $2.5 billion cash flow cushion; (2) a straight line highway obligation limitation dollar level for each of the four years; (3) the same program exemptions to the limitation as contained in the fiscal year 1986 limitation; and (4) including interest payments as part of the available cash balance.

[The information follows:]

Assuming that the Highway Trust Fund is extended through FY 1992, and the Administration's proposed repeal of tax exemptions for gasohol and buses is adopted, the maximum authorization and obligation level that could be sustained for fiscal years 1987 through 1990 is $15.735 billion. The balance in the Highway Account of the Highway Trust Fund would be $4.4 billion in 1990, and then fall to $3.7 billion in 1991 if no funds were authorized for FY 1991. Assuming no change in current law, the Byrd Amendment would be triggered in 1990. It is not possible to raise the authorizations and obligations to a level that would reduce the Trust Fund balance to $2.5 billion by FY 1990 within the framework of a 4-year bill because the remaining unpaid authorizations would exceed the Trust Fund balance in FY 1992.

IMPACT OF LOWER CEILING

Mr. LEHMAN. You are requesting a $12.4 billion obligation limitation for fiscal year 1987. What would be the effect on highway safety, employment, and overall highway condition of limiting obligations to $12.4 billion for each of the four fiscal years from 1987 to 1990, instead of the maximum level that could be sustained?

Mr. MORGAN. Well, naturally, the programs would be constrained, by virtue of the obligation ceiling of $12.4 billion. On the other side of it, our bill proposes much more flexibility at the State level on how to spend their Primary-4R interstate pot, and with the block grant. So it is very difficult to say, on a national level, what would happen to the various programs.

It would generally be a State choice of whether they wanted to use most of their funds, for instance, to complete the interstate system, or for I-4R, and so on.

No doubt priorities would vary from State to State. As far as employment, we estimate that there are 23,700 man-years of employment generated for each billion dollars, and naturally, a corresponding reduction in employment resulting, with a lower ceiling.

Mr. LEHMAN. You talked about employment but what about safety and the condition of the highways?

Mr. **Morgan**. Well, because our bill does provide flexibility, I believe that it would vary from State to State. We are providing flexibility to the States to elect where to spend their money, and if a State was going to defer some safety improvements, in order to spend more money on interstate completion or 4R, that would be permitted. So it is very difficult to say, on a national basis, what would happen.

OBLIGATION CEILINGS IN REAUTHORIZATION BILL

Mr. **Lehman**. Would you explain why your reauthorization proposal is silent on obligation limitations, yet you are requesting a $12.4 billion obligation limitation in your appropriation bill language for fiscal year 1987.

Mr. **Barnhart**. Well, it is a fiscal control and we think it would be inappropriate to establish that on a straight line, across the board. We think it ought to be done on an annual basis.

Mr. **Lehman**. What was the total authorization level and obligation limitation that you requested in your budget submission to OST and what were the levels requested by the Secretary in her submission to OMB?

Mr. **Morgan**. We started out with an authorization level of approximately $16.2 billion last July. Since that time, two things have happened to change it. First, our August projections. The projections we got in August from Treasury for trust fund income were down, and so we revised down from that to somewhere under $15 billion, and then Gramm-Rudman-Hollings came into being, and we were told to prepare a deficit-neutral budget which is the $12.8 billion figure, which ultimately came out.

Mr. **Lehman**. Mr. Pursell, would you ask the next one? I have to step out for a second.

Mr. **Pursell**. Let me ask, in regard to that, what happens this fall if the Congress does not act in response to your bill? What happens to, Mr. Morgan, the Gramm-Rudman sequestering this fall? What impact does that have on that 12.8, or——?

Mr. **Morgan**. We hope there would be no impact because our budget, and authorization bill, are deficit-neutral. We are only proposing to authorize what we take in in excise taxes.

So if everybody else plays the game, there will be no problem with Gramm-Rudman-Hollings in the highway bill.

ADEQUACY OF LIMITATION

Mr. **Pursell**. Do you believe a $12.4 billion obligation limitation with the exemptions you propose is adequate to support a viable highway program in fiscal year 1987?

Mr. **Barnhart**. Yes, sir. I truly do. Incidentally, our program, we have averaged that out so we would have stable consistent funding for four years, rather than have it fluctutate from year to year. One of the problems with the program has been the lack of predictability, so that States could not properly plan, and so we chose to average, and that is how we came up with that figure.

BUDGET EVOLUTION TABLE

Mr. **Pursell**. For the record, please provide the program level amounts and obligation limitations included in your budget request to OST, and those included in the Secretary's submission to OMB.

[The information follows:]

DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION, FISCAL YEAR 1987 EVOLUTION TABLE

[Thousands]

	OST submission	OMB submission
Motor carrier safety (oper.) GF:		
Appropriation	19,208	0
Obligations	19,208	0
Motor carrier safety (oper.) TF:		
Appropriation	0	14,696
Obligations	0	14,696
Highway beautification (TF):		
Appropriation	25,000	0
Obligations	25,000	0
Rail-highway crossing demon:		
Appropriation	0	0
Obligations	8,890	8,890
Highway safety R&D:		
Appropriation	10,000	8,500
Obligations	10,000	8,500
Outlays	9,854	9,194
Motor carrier safety grants:		
Appropriation	50,000	50,000
Obligations	50,000	50,000
Liquidating cash	50,000	50,000
Federal-aid highways:		
Contract authority	16,045,000	14,900,000
Obligations	16,020,000	13,575,000
Obligation limitation	13,075,000	13,225,000
Liquidating cash	14,000,000	13,100,000
General operating expenses:		
Obligations	(217,768)	(210,231)
Obligation limitation	(217,768	(210,231)
Miscellaneous GF appropriations:		
Appropriation	0	0
Obligations	0	0
Right-of-way revolving fund:		
Limitation on gross obligations	(50,000)	0
Limitation on outstanding loans		(260,000)
Highway-related safety grants:		
Contract authority	15,000	15,000
Obligations	15,000	15,000
Obligation limitation	0	15,000
Liquidating cash	12,000	12,000
Trust fund share of programs:		
Appropriation	0	0
Obligations	17,780	17,780
Miscellaneous highway trust funds:		
Appropriation	0	0
Obligations	0	0
Miscellaneous trust funds:		
Appropriation	4,981	4,981
Obligations	4,981	4,981
Access—Lakes:		
Appropriation	0	0
Obligations	0	0

RATIONALE FOR CHANGES IN CEILING

Mr. **Pursell**. Just another question. Even though it gives you consistency for long-term obligation and commitments, the numbers are changing anyway, irrespective of what you might want to obligate. You went from 16.2 to 15, and on to 12.8, so you have made three changes already.

Mr. **Barnhart**. That is right, and don't forget, our obligation limitations have really had an impact on that.

Mr. **Morgan**. Mr. Pursell, $16.2 was the authorization we started with last fall, with an obligation limit somewhat over $13.

Mr. **Barnhart**. So we have never been up to that level and——

Mr. **Pursell**. You do not go to the high side?

Mr. **Barnhart**. No, sir. No, sir. We have not.

NEEDS AND LEGISLATIVE PROPOSAL

Mr. **Pursell**. Under your reauthorization proposal, $12.8 billion in new budget authority would be available for the highway program for each of the four fiscal years from 1987 to 1990.

However, recent estimates of highway needs would suggest that your proposed authorization levels fall far short of what is needed.

For example, the American Transportation Advisory Council has identified $494 billion in highway capital investment needs over a 10-year period from 1987 to 1996. The American Association of State Highway and Transportation Officials are somewhat more conservative, but exclude new construction.

They estimate a total highway investment requirement of approximately $280 billion from 1987 to 1995. What is your opinion of these estimates and how do they compare with your most recent estimates of highway and bridge needs?

What do you see as the Federal role in meeting these needs?

Mr. **Barnhart**. There is no question but that needs are out there, and, however, all of the estimates do not rely on the same data base from which they derive their figures.

Furthermore, some of them are based upon looking at the Federal match, all across the board, when in fact a more realistic match has been on a 50-50 basis, rather than a 75-25. So you do have some discrepancy in trying to equate those different estimates.

Mr. **Pursell**. Well, if those are inaccurate——

Mr. **Barnhart**. Well, I did not say they are inaccurate but——

Mr. **Pursell**. Hard to estimate based on different figures. Does your agency have a long-term estimate of needs?

Mr. **Barnhart**. Yes, sir, and of course many of those estimates that are used, made by those organizations, are taken directly from our own data. Dick, do you want to elaborate on that?

Mr. **Pursell**. What is your estimate, the target figures?

CONSISTENCY OF NEEDS ESTIMATES

Mr. **Morgan**. Our estimates track rather closely with the other two. We estimate approximately $29.1 billion annual investment by all levels of government needed to maintain highway conditions of 1983 through 1995.

Mr. **Pursell**. So our Federal piece of that would be how much?

Mr. **Morgan**. We are recommending $12.8 billion. The traditional level right now is about 50 percent of the capital investment, is Federal, and 50 percent for other levels of government, which our level would put a little below that, at least for the first four years.

Hopefully that level could increase when the budget deficit situation gets squared around.

Mr. **Barnhart**. Mr. Pursell, that is one reason why you note, we have a four-year bill under discussion, when, some months ago we had wanted an 8-year bill to show a post interstate approach on the funding. However, at this level of program, I did not want to come in with that level beyond the four years. I would hope, if everybody can pull together, and get this deficit problem under control, then at the end of four years we can go back up to a higher level program.

EFFECT OF PROPOSED AUTHORITY LEVELS

Mr. **Pursell**. Assuming historical funding shares continue for State and local governments, what would be the effect on overall highway conditions through 1995 assuming a Federal highway investment that continues at the level you are proposing?

Mr. **Morgan**. I expect, Mr. Pursell, that the condition would decline from the 1983 condition, on which our figures are based. If you wish, we can submit more detailed information by system for the record.

Mr. **Pursell**. What would that mean?

Mr. **Morgan**. It would mean that there would be probably more miles of highway in fair condition rather than good on the primary system.

It may well mean that the bridge problem is not attacked as vigorously as it would be at a higher level. It may mean a delay in interstate completion, but again, with our bill providing the States maximum flexibility in how to use their funds, it is very difficult to predict on a national basis.

Mr. **Barnhart**. Actually, Mr. Pursell, where we have taken our reduction has been in the interstate completion category, because we have made such gains after the 1982 Act, of finally providing sufficient funds over there in the 4R category, we did not want to reverse that.

So the condition, really, of the existing roadways, is going to be pretty much determined by the States and how they allocate their funds and make their difficult choices.

Mr. **Pursell**. But from a Federal standpoint, would our quality standards slip a little?

Mr. **Barnhart**. I would suspect that would be true in some States.

INCREASE IN GAS TAX

Mr. **Pursell**. According to most estimates, highway needs are much greater than can be financed with existing revenues.

Since the price of oil has dropped from about $30 to $13 per barrel, isn't this an appropriate time to consider an increase in the motor fuel tax rate?

Would you support a motor fuel tax increase under any or all of the following conditions: (1) the revenues would be used to fund highway projects; (2) the revenues would be used to fund highway and/or transit projects; and (3) the revenues would be used to decrease the Federal deficit.

Mr. BARNHART. Congressman, I have been on the stump around the country, and I frankly do not want increases in the Federal gasoline taxes, or in diesel, or highway use taxes. I think that is the easy way out. I also do not care for indexing. I think government ought to have to work for its money.

And I would much prefer to keep our tax rates at the present level and work to remove some of the bureaucratic stuff we have to comport with which cuts down our ability to use our money better.

Because we do in fact blow an awful lot of money, that I think is imprudent, when we are talking about transportation dollars.

DAVIS-BACON ACT

Mr. PURSELL. Such as?

Mr. BARNHART. Well, I mentioned Davis-Bacon a while ago and I know that is not going to be repealed, but I think we have been absolutely derelict in getting the message out to the American people of what kind of cost is involved in this.

New York, for instance. The prevailing wage, Federal, $15.01 an hour. State is $19.08, four dollars higher. Why? Because we take out of your trust fund a minimum of 75 percent of all costs. That is why we are having to authorize $20.67 out in California, and there, because of the public lands formula, we are paying 92 percent of all costs. That bears no relationship to market value. It is not that I want people to work for slave labor, but when out in Missouri, a high school math teacher with 15 years' experience and a Ph.D. makes one cent more than an unskilled laborer on a Federally funded highway project, it is a disgrace, especially when you see that that rate they get is over twice as high as the rate they would get if they were working for the city, not on a Federally funded highway project.

That is big bucks.

Mr. PURSELL. Outside of Davis-Bacon, what else?

GASOHOL EXEMPTION

Mr. BARNHART. Gasohol exemptions. If we do not repeal the gasohol exemption, it is going to dip into transportation funds to the tune of a billion dollars in the next couple years.

We dropped over $400 million out of the Federal trust fund this last year alone; the States dropped close to $300 million in transportation funds, in order to subsidize users of gasohol. Where else but in Washington would you get a policy where you take the real McCoy called gasoline, and dilute it 10 percent with another fuel, and then reduce the taxes two-thirds? We are forcing——

Mr. PURSELL. Only in Washington.

ENVIRONMENTAL LEGISLATION

Mr. BARNHART. Only in Washington. Well, no; then the States follow the pattern. But there are all kinds of things. Frankly, some of our environmental legislation needs changes, not to run roughshod over the environment, but we have illustrations all over this country of millions of dollars of additional costs because a few people seized the law to their own advantage, and I think it is a disgrace.

Mr. PURSELL. Are you putting all of that in legislative form?

Mr. BARNHART. Unfortunately, not, just like I am not trying to repeal Davis-Bacon. It would not get to first base. But I think we should have some modifications to some of these programs.

Mr. PURSELL. Well, if we do not get these proposed changes you are suggesting from your agency, where would we get them from?

Mr. BARNHART. Well, we are trying; let's say we are trying. And I realize that you folks have to make a very tough choice, as does the administration; but I think we have got to get out a message of some truth on these issues where we can create a political climate, where it is acceptable for people who hold elective offices to make some of those tough choices.

Mr. PURSELL. Thank you, Mr. Chairman.

Mr. LEHMAN. Would you yield to Mr. Wolf?

QUALITY OF FHWA ORGANIZATION

Mr. WOLF. Thank you. I want to welcome you, Mr. Barnhart, and commend you. I think your agency is as cooperative as any government agency that I deal with; every time we have a problem, your people are very good very quick. I just want to thank you, and ask that you pass that thanks on.

I am sorry not to see Les Lamm with you today. I think he probably retired, although I cannot speak for him, because of what the House did on that tax annuity question. It is really going to hurt a lot of Federal employees who have to retire.

Mr. BARNHART. Well, that perhaps was a consideration, but Les spent 30 years. Kind of appropriate, wasn't it? This is the 30th year of the interstate highway system and Les's 30th year with the Federal Highway Administration. He has done a superb job.

Mr. WOLF. You two were a good team. Who is going to take his place? When you find out, please let me know.

Mr. BARNHART. I am meditating.

DAVIS-BACON ACT'S IMPACT

Mr. WOLF. Okay. And I want to agree with you on the Davis-Bacon. I would vote to change the Davis-Bacon.

Mr. BARNHART. That incidentally added $800,000 to the cost of re-decking the Woodrow Wilson Bridge.

Mr. WOLF. $800,000?

Mr. BARNHART. $800,000. It did not create an additional job. Rather, it took away jobs from other projects that should have been built.

Mr. WOLF. Do you know what the added costs were to I-66?

Mr. **Barnhart**. No, sir. I do not. But I–66 is not exactly a model of highway construction. Before I get in deeper, I will say no more. [Laughter.]

Mr. **Wolf**. Well your agency directly or indirectly supported the drop in the capital. I think that has helped.

Mr. **Barnhart**. Now that you mention it—and we are talking about costs—it might surprise people to know that those light standards out there that are 50 feet tall, ran about $3,150.00 a unit, because people who did not have to raise the money and be accountable for it, demanded special what?—anodized light poles for aesthetics. Now that is what happens when we work with 10 cent local dollars, and less.

Mr. **Pursell**. Would you yield a minute, Frank?

Mr. **Wolf**. Sure.

"STOP AND GO" RAMP LIGHTS

Mr. **Pursell**. Are you talking about those "stop and go" off the ramps—?

Mr. **Barnhart**. No, sir. I am talking about just those light standards. Those are bronze colored ones.

Mr. **Pursell**. How about those "stop and go"? Where did that proposal come from?

Mr. **Barnhart**. Oh, probably our bureaucracy. Actually, nobody likes them but they do seem to work around the country. They really do. You are talking about the ramp metering devices, yes. We had them down in Houston and everybody raised "holy ned", but they truly do work on increasing the capacity on a project that was under-designed to begin with.

HOUSE BRIDGE STUDIES

Mr. **Wolf**. A couple other questions and comments. Your people came by the other day. We put some language in the FY 1986 continuing appropriations bill calling for two studies. One on the 14th Street Bridge, to eliminate a dangerous merge, and secondly, one on the Teddy Roosevelt Bridge, to add an additional lane. If you could get the final report up to us as quickly as possible, I'd appreciate it. I would like to see if we can do something in the cycle this year. The study showed with an additional lane the flow on the TR Bridge would improve tremendously; it was an astronominal change; and if you could get those reports up to us.

Mr. **Barnhart**. We shall. I think we are getting that in final shape, so that it should go up shortly, should it not?

Mr. **Morgan**. Yes, sir. Mr. Wolf, it is in the Department for review right now, and we will expedite them, if at all possible.

Mr. **Wolf**. Okay. Did you take a look at how much it improved the traffic flow on the TR Bridge?

Mr. **Barnhart**. No. I have no idea.

Mr. **Wolf**. Did anyone look at that?

Mr. **Barnhart**. Mr. Jacks has covered that.

Mr. **Wolf**. Do you have any comments about that?

Mr. **Jacks**. Well, we are very happy that you felt so positive about our findings. And considering all of the alternatives, we found that we could, on the Roosevelt Bridge, by adding a lane in each direction, or providing for that, for an additional movement in each direction, improve the flow on the bridge.

Also, on the 14th Street Bridge, I think everyone who uses that southbound GW Parkway to the inbound 14th Street Bridge ramp, especially during free flow periods, are concerned about safety.

The proposal, which would provide an acceleration lane, would enhance safety throughout the day, and also, of course, provide some relief during the morning peak period when it backs up.

But we were very happy to find that we could make some improvements.

Mr. WOLF. Well, I think it is a good study, and I appreciate it very much. Two other questions. Where are you on the Outer Beltway study?

Mr. BARNHART. We have requested an extension on that because we were waiting for another governmental or semi-governmental unit to complete its work in order to incorporate it in ours.

I believe I sent a letter to the Chairman some weeks ago, saying that we would be late on those because we simply could not get the information, and it is kind of foolish to try to make a deadline, and have the product incomplete.

But I think we set that for the 31st of May.

CONFERENCE ON BELTWAY (I-495)

Mr. WOLF. My last question is: There was a conference up in Greenbelt last week on the Beltway and on safety of the Beltway, which I attended. The Governor was there, our people from Maryland and Virginia. What do you think about the idea of us having the Federal Highway Administration do a special study on Beltway safety? Let me tell you what we are going to do with this outstanding study that you did on the TR Bridge. We are going to add another lane, because it makes sense.

It is going to help the people of Virginia that have to commute in to District of Columbia. Also, your other study—and I am committed to making sure that we do it—shows a dramatic improvement from adding an acceleration lane on the 14th Street Bridge. This improvement will save lives.

I know you do not like to do these studies, but what you have done is given me the data now to convince this Congress, and hopefully convince the District of Columbia that these safety and operational improvements should be done.

I am committed, very committed, to making sure that we do it. So this is another one whereby you guys could study and identify the aggressive measures that we could take on the Washington Beltway to improve safety.

Mr. BARNHART. Congressman, we will be delighted to do what is requested.

Mr. WOLF. Do you think you could come up with some good ideas as to some aggressive measures that we could take? The Beltway is just a very dangerous road, all of the time.

Mr. BARNHART. Well, certainly it is, and that comes from years of political manipulation and neglect. I agree. Anyone who has been around here knows what terrible shape our traffic flow is in.

Truly, you know, the folks at Federal Highway are driven by that engineering mentality, and we see shortcomings, and it is not for us, it is not for turf, but it is through the system, and everyone needs what we can offer. I do have some problems when we get out in front because I think our proper role is to work through the city, through the District, and through the State, and as an old Texan who never liked Federal preemption, I do not like to get into that mode. We will do the studies. We will try to call in, of course, the local folks with whom we should logically be working, to make sure it is a cooperative undertaking.

Mr. **Wolf**. Do you think you could come up with some good ideas?

Mr. **Barnhart**. Well, I have not any idea. We have looked at this, and certainly that Beltway is just in terrible shape. Dick, you are the engineer. I am no engineer, but on the other hand, I am no lawyer either, and that has its virtue, but he is both.

Mr. **Morgan**. I think we could, Mr. Wolf. Of course, in at least one of those areas where there is both safety and congestion problems, which is in the Rock Creek area. It is obvious that major surgery is needed, but that has been tried before, unsuccessfully—I mean major improvements—and so I think in a traffic operations vein, they may have maximized the section in Maryland. But we sure would study it, if so requested by the committee.

TURN-AROUND TIME ON STUDY

Mr. **Wolf**. How fast could you do something like that if we did make a request?

Mr. **Jacks**. Maybe I should make the point here, Mr. Wolf. The reason that we were able to deliver so rapidly on those two bridges is the fact that we had been working with a computer simulation model. In fact, we had been doing some simulation work on the Teddy Roosevelt Bridge prior to the request that came in from the Committee. So that we were a leg up on this and we were very happy, again, to be able to comply within a very short period of time.

We were aware of the fact that we were giving the implication that we could automatically do this, you know, without having had that advance preparation.

The fact of the matter is, starting from scratch, it would have taken us considerably longer to do those two.

As I understand what we are talking about, what you are proposing here, we would conduct similar studies using models, and whatever other tools we had, to determine operational improvements that would enhance the safety and performance of the total Beltway. Is that it?

Mr. **Wolf**. Yes, sir.

Mr. **Jacks**. That, I must say, is a much greater task than that which we involve ourselves with.

HAZARDOUS SEGMENTS OF THE BELTWAY

Mr. **Wolf**. There are primarily three extremely hazardous segments of the Beltway. There is the area by the Woodrow Wilson Bridge, the one up around Cabin John, and then the other one up around the temple. I would not ask you to study the whole Beltway, but mainly those three trouble spots, and then to provide any other ideas you had.

Mr. **Barnhart**. Okay. I would have to, at this point, say that we would like to take a look at the specifics of it and get back to you as quickly as possible, with an estimate on the amount of time that it would take for us to do this.

Mr. **Wolf**. I would appreciate it because, you know, we are really talking about saving lives. A lot of accidents occur on the Beltway. When something happens, it then sends a ripple effect throughout the entire Washington Metropolitan Area. Nobody can get into work. There is a loss of time problem.

And it is now the interstate road. People going from Florida up to Massachusetts go through, go around the Beltway.

So I think there is a Federal involvement here, and if we could get the Federal Highway Administration to come up with some constructive aggressive measures that could be taken to improve the safety, I think we could then get the locals to say, hey, this thing makes sense. You know, the problem that I was having with the Potomac River bridge. I have come to the District of Columbia many times. They just are not interested in making safety improvements. But now that you guys have come up with these concrete proposals, I think the District of Columbia will say, hey, this makes a lot of sense.

So we are trying to draw on your expertise. You have that center in my district, and access to a good deal of knowledge. You could really make a tremendous difference on this.

Mr. **Barnhart**. Congressman, I think one other reason we were able to expedite the activity on the bridges is because of your earlier informal inquiries which got us into some thought on that. We have done some thinking on some of these other issues, too. We will give you a timeframe, very shortly.

Mr. **Wolf**. Again, I want to thank you very much for your testimony and thank you for the help of your entire agency. No further questions, Mr. Chairman.

PURSUING DAVIS-BACON LEGISLATIVE CHANGE

Mr. **Lehman**. Thank you, Mr. Wolf. I know that you are frustrated with the Davis-Bacon Act. I am sure that other agencies in the Federal government have similar problems. I can imagine that if the President put the same kind of a full court press on Davis-Bacon that he is doing on the Contras, that he could do the same kind of job on that, but that is not his priority right now, apparently.

Mr. **Barnhart**. I think the Contras probably would be easier.

GASOLINE TAXES IN OTHER COUNTRIES

Mr. **Lehman**. You might be right. But, you know, I have talked to people from different countries, like the United Kingdom and from Western Europe, and they think we are crazy not to have two dollars and a half, three dollars a gallon gasoline, as a way of dealing with this problem.

But they have a different culture. I do not think you are comparing apples and oranges, but to them, it is inconceivable that we are paying less than a dollar a gallon for gas right now.

Mr. **Barnhart**. And is it not amazing, our system is so much better than theirs? It really is. It is safer.

Mr. **Lehman**. Our highway system?

Mr. **Barnhart**. Yes, sir.

Mr. **Lehman**. But there is no user tax in those countries necessarily. I think that is general revenue. But we will not pursue that. Do you want a question on an import oil tax? You are from Texas.

Mr. **Barnhart**. As a Texan, I might respond. No, sir, it is out of my area.

Mr. **Lehman**. Another Fifth? [Laughter.]

INTERSTATE AND PRIMARY PROGRAMS

Mr. **Lehman**. Even though you propose cutting total highway obligations by 13 percent, you propose cutting those highway programs where the federal role has been greatest by almost 16 percent from $9.24 billion in fiscal year 1986 to $7.8 billion in fiscal year 1987.

Why are you proposing the deepest reductions in those areas which traditionally have had greater federal participation?

Mr. **Barnhart**. Our cut, Mr. Chairman, has come in the interstate completion portion, and you can grab several different numbers. We are 97 percent complete on the interstate.

We do have some gaps which we, subjectively, would say would be essential gaps. I personally feel that there are several gaps that, were it not for 10 cent local dollars, the States would never build those gaps because they are not essential and there are other, higher priorities. However, I did not believe that we could re-define completion, and so we have cut the pot for interstate completion, and in order to share the glory of re-defining that system with the States. They are going to have to target their money where they think it ought to go.

Mr. **Lehman**. What is the ballpark figure of finishing the present system?

Mr. **Barnhart**. Well, again there are several variables. Dick.

Mr. **Morgan**. If you consider the unobligated balance of interstate construction funds out there, it is approximately $10.1 billion.

Mr. **Lehman**. And you have already spent 97 percent of that money already?

Mr. **Morgan**. Yes, sir.

FLORIDA INTERSTATE GAPS

Mr. **Lehman**. From the standpoint of provincial interests, when is I-95 in Florida going to be finished?

Mr. **Morgan**. Well, I understand the entire link is under construction right now and I really do not have the completion dates.

Mr. **Lehman**. If you could, for the record.

Mr. **Morgan**. Yes, sir.

Mr. **Barnhart**. It is coming along very well. I was just down there a short while ago.

[The information follows:]

The entire gap section on I-95 is currently under construction. The contract completion dates are shown as December 1987. It is anticipated that the gap will be complete and open to traffic by that date.

INTERSTATE COMPLETION

Mr. **Lehman**. Under your proposal for a consolidated interstate/primary program, the States would have more flexibility but they also would receive significantly fewer dollars.

The authorization level for the interstate construction program would essentially be reduced from $4.0 billion to $1.635 billion.

What effect will this have on your current estimate for completion of the interstate system? I believe the current target is 1990.

Mr. **Barnhart**. It would extend it, obviously, if they want to complete the interstate. Again, with the flexibility we provide, I do not know—what?—1995 or something? 1994? What?

Mr. **Morgan**. Well, Mr. Chairman, in some States it may accelerate completion because there is more money available; that entire pot is available. In other States they may defer it.

But if you assume just $1.6 billion each year going to interstate completion, it would run completion out probably to 1996.

COST TO COMPLETE INTERSTATE SYSTEM

Mr. **Lehman**. During last year's hearing you estimated the cost to complete the interstate system to be about $15.2 billion as of the time of the hearing.

What is the latest cost estimate for completion?

[The information follows:]

The latest cost estimate for completing the Interstate System is $10,072 million (federal funds). This figure is based on the 1985 Interstate Cost Estimate (as of January 1, 1984) and deducting all funds which were available at that time and all funds which have been made available between January 1, 1984, and now.

EFFECT OF LEGISLATION ON COST TO COMPLETE

Mr. **Lehman**. What, if any, effect will your proposal have on the cost to complete the interstate system?

[The information follows:]

Only the time and amounts will be potentially stretched out. On the other hand, starting with the combined funds authorized for fiscal year 1987, States will have complete flexibility to finance projects in any of the three categories or to convert ACI/bond projects. The Federal share will be determined by the system on which the project is located (i.e, 90 percent for Interstate System projects). Many of the critical Interstate gaps are fully or partially under construction with substantial funds already spent or committed. We do not believe that States will abandon these projects. Some States may actually use the flexibility offered by the combined fund to speed up completion of certain gaps.

PROTECTING FEDERAL HIGHWAY INVESTMENT

Mr. **Lehman**. Although the States will have the flexibility to use primary and interstate 4R funds to see that completion of interstate segments remains on schedule, this would require diverting funds from construction or rehabilitation of major existing highways.

Given this new flexibility and added incentives to divert primary funds to interstate construction, how will you ensure that the federal government's investment and interest in the existing primary and interstate system will continue to be protected?

Mr. **Barnhart**. We will continue to keep a handle on that issue by requiring the States to maintain their system in satisfactory condition, just as we do now.

INTERSTATE MILEAGE AND COSTS

Mr. **Lehman**. Please update for the record the two tables on pages 1074 and 1075 of last year's hearing record.

One table shows the status of interstate mileage open to traffic and the other table shows the cost of the interstate system.

[The information follows:]

Interstate System—Status of Open-to-Traffic Mileage

	Miles
Total open-to-traffic (as of Dec. 30, 1985)	41,297
Approximate breakdown:	
Complete to full standards or requires minor improvements	38,302
Toll mileage	2,243
Added lanes needed	430
Major upgrading needed	322

Open-to-traffic mileage includes some 752 miles which require further construction work eligibile for Interstate construction funding. There are 322 miles of highway incorporated into the System requiring initial major upgrading such as pavement reconstruction, additional lanes, grade separation, and interchanges to meet design year traffic and full standards. Another 430 miles require added lanes (including high occupancy lanes) to meet design year traffic requirements.

The remaining 38,303 miles (not including toll mileage) require upgrading work eligible under the Interstate 4R program. The upgrading work includes safety improvements, added environmental features, rest area work, interchange upgrading, bridge improvements, and other geometric and structural improvements to bring them up to current traffic and design requirements.

COST OF THE INTERSTATE SYSTEM [1]

[In millions of dollars]

Item	Total	Federal-aid funds
1,500-mile addition	3,375	3,038
Major system adjustments	2,325	2,093
Unit price increases	38,347	34,512
Added interchanges and grade separations	2,285	2,057
Added lanes	2,722	2,450
Upgraded roadway design	3,601	3,241
Change in structure design	3,770	3,393
Pavement overlays	375	337
Added landscaping, erosion control, rest areas	2,047	1,842
Safety on work underway	845	761
Safety on completed sections	1,020	918
Preliminary engineering—additional	3,052	2,747
Right-of-way and increases	7,679	6,911
20-year design period	342	308
4-lane minimum requirement	335	302
Social, economic and environmental features	3,366	3,029
Fringe parking, mass transit	125	113
Miscellaneous—traffic maintenance, utility adjustments, added planning and research, FHWA research, more costly locations, projects overruns, contingency items, et cetera	11,969	9,434
Total increases	82,930	73,300

COST OF THE INTERSTATE SYSTEM [1]—Continued

[In millions of dollars]

Item	Total	Federal-aid funds
1958 estimate	37,570	33,900
1985 estimate	120,500	107,200

[1] Based on the 1985 Interstate Cost Estimate Report to Congress.

INTERSTATE SYSTEM STATUS

Mr. LEHMAN. How many miles of interstate are not open to traffic and, of those miles, how many are under construction, in engineering, or land acquisition status, or in preliminary status?

[The information follows:]

Some 1203 miles of the 42500 mile Interstate System are not open to traffic as of December 31, 1985. This includes 601 miles under construction and 468 miles in engineering and land acquisition status. The remaining 134 miles are in preliminary status including 108 miles of unassigned mileage resulting from Interstate withdrawals.

INTERSTATE 4R REQUIREMENTS

Mr. LEHMAN. Last year you indicated that based on your April 1985 needs report, an estimated 14,000 miles of the interstate system were in need of 4R work.

You also indicated that "over the next 10 years, the total annual federal cost to keep the interstate system at an acceptable level of serviceability is estimated at $4.5 billion based on a 90 percent federal share".

That is 58 percent of your total proposed authorization level for the Interstate/Primary program. Under your proposal, do you anticipate a growing backlog of interstate 4R and primary needs?

Mr. MORGAN. No, sir. I think the States have been giving priority to the 4R program, and I expect that to continue.

PROPOSED INTERSTATE AUTHORITY AND HIGH COST SEGMENTS

Mr. LEHMAN. It has been suggested that essentially lowering the interstate construction authorization by almost $2.4 billion, the net effect would be that high cost, controversial interstate segments would just not be built.

Those States with high cost, uncompleted segments would be under considerable pressure to refrain from deferring construction and maintenance on other high priority primary and interstate 4R projects to fund these high cost, controversial segments. And it is likely they would never be built. Would you comment on this? Have you structured your Interstate/Primary program such that the end result will be to flush out what you do not consider to be high priority interstate segments?

Mr. BARNHART. Mr. Chairman, we have reduced that amount of funding to go into interstate completion, but our primary concern was to protect the conditions of the primary and the interstate.

That is why we targeted where we felt the priorities were, and that is on that maintenance, that rehabilitation.

Mr. **Lehman**. The problem is, as you know, with the high cost interstate segments. I wanted you to comment on that.

Mr. **Barnhart**. Well, they would not be denied that. Some of it might stretch out, but, on the other hand, we have in some States sections of interstate that are under construction, and the only reason they are under construction is because of the 10 cent local dollars.

Some of those that dead-end. We have got a two-lane road out in the West that carries about 2,000 vehicles a day, and yet, it is to be made into a four-lane interstate. We are trying to give the States flexibility to target their money in more productive ways.

ONE-HALF PERCENT INTERSTATE MINIMUM

Mr. **Lehman**. Why are you proposing to eliminate the one-half percent minimum? What States would be affected by this provision, and in fiscal year 1986, what was the total amount apportioned to the States to achieve the one-half percent minimum?

Mr. **Barnhart**. Well, what do we have, Dick, about twenty-two States, amounting to about $18 million per State? Frankly, it is rather incongruous that on interstate construction, when a State has completed its Interstate, it still gets these funds.

Mr. **Lehman**. Do you mean in Congress?

Mr. **Barnhart**. Well, it is in Congress that it is done, but it is also incongruous, that when they have completed the construction of their interstate, that they continue to get a half a percent out of that construction fund.

We have proposed to delete that but we would maintain a minimal guarantee out of the rehab funds, out of the 4R funds.

Mr. **Morgan**. There would be a half percent out of the combined 4R primary funds.

Mr. **Barnhart**. Yes.

ADDITIONAL FREEWAY CONSTRUCTION

Mr. **Lehman**. Mr. Barnhart, as I go around and talk on the need for urban mass transit, one of the statements I frequently make is that, certainly, in my area in Miami, and in other parts of the country, I do not see where there are going to be additional freeways built, because apparently, they have had unfortunate side effects.

Do you really anticipate at any time in the future, that there will be any real resurgence of freeway construction in our major cities?

I know that Los Angeles, right now, is completing one final portion of its freeway system; at least that is what I was told when I was there.

But are any other large cities thinking in terms of additional freeways?

Mr. **Barnhart**. Well, I am sure we will have some in some of the urban areas, and I think that what will be a problem in the future is bypasses, and so forth; but we do have other sections through some——

Mr. **Lehman**. There will be some modifications, but you know, we have built an awful lot of freeways through a lot of cities. But every time we try to think about one now, there is another neighborhood revolution.

Mr. **Barnhart**. Well, sure.

Mr. **Morgan**. There are new freeway facilities under consideration in cities like Denver, Houston, and some of the fast-growing areas. Atlanta. Phoenix. Other than interstate freeways.

Mr. **Lehman**. I am talking about interstates.

Mr. **Morgan**. Well, they would be interstate design but they would not be funded with interstate funds. So you might say there is a resurgence, or at least a recognition that additional capacity is needed to move traffic.

You cannot continue to move it within the existing right-of-way, and with the number of lanes in the rapid growth areas.

TRANSIT AND HIGHWAY CONSTRUCTION

Mr. **Lehman**. Of course the argument is that it will be a lot easier to build urban rapid mass transit, than it will be to try to force additional freeways, or interstates, through these major population centers.

Mr. **Morgan**. Well, that is outside our area, but if it goes where people are, or if it is maneuvered to where they are not, it becomes a tremendous burden to support. But on our block program, by blending these funds, we give the States and local authorities the options to target that money, to suit the transportation needs of the area, instead of having us as a bureaucracy make those determinations up here, a thousand miles away.

INTERSTATE SUBSTITUTION

Mr. **Lehman**. Your bill proposes to eliminate the separate authorization for substitute transit projects, and provides funding for both substitute highway and transit projects from the highway account of the Highway Trust Fund.

Your proposal authorizes the combined substitute program at $500 million per year through fiscal year 1990.

The combined funding for fiscal year 1986 was about $900 million. Why are you proposing to combine the interstate substitute and transit authorizations and why are you proposing a 45 percent decrease in funding from the fiscal year 1986 level, especially in light of the recent withdrawal of one high cost interstate project and the potential withdrawal of another?

Mr. **Barnhart**. Well, of course it is a question of choices, and when we are working within a $12.8 billion figure, we cannot be all things to all people. I think it is entirely appropriate to take transit substitute projects out of the trust fund since they were initially highway projects to begin with. So I see a consistency there.

As far as the reduction goes, obviously, this administration has been trying to reduce its involvement in transit, which is regarded generally as more of a local problem than a federal problem, and we did support that penny for transit for capital assistance.

And Federal Highways was a very strong supporter of that concept. But as far as the other reductions, UMTA will have to address those issues.

RATIONALE FOR TRANSIT REDUCTION

Mr. LEHMAN. There is a disproportionate amount between the 45 percent reduction in those figures and the much more modest reduction in the overall highway program.

Mr. BARNHART. Well, yes, but I think you would have had far more people impacted, had we, for instance, reduced that local block program.

We have not conceived of this blended program of secondary and urban roadways to reduce our federal involvement or federal funding. Not at all. We are funding those at the historic level, that which we had planned, because we think it is terribly important. I would hate to cut that fund any lower in order to make up for substitute projects.

Mr. LEHMAN. Doesn't this provision penalize those States that have decided to withdraw interstate segments and substitute them with other priority highway construction and transit projects?

Mr. MORGAN. No, sir. The entitlement is still there. It merely stretches out the completion of the interstate substitute program to approximately 1998.

INFLATION AND INTERSTATE TRANSFER PROGRAM

Mr. LEHMAN. But they get less bang for the buck because of inflation by this stretchout, so it is a little bit of a penalty.

Mr. BARNHART. Yes; not as much as it was five years ago.

Mr. LEHMAN. I would not want to predict the future of inflation.

Mr. BARNHART. You are correct. Obviously there are some additional costs in there.

ESTIMATED SPLIT BETWEEN HIGHWAY AND TRANSIT PROJECTS

Mr. LEHMAN. What is your estimate of the likely split between highway and transit projects?

[The information follows:]

We estimate the split of remaining Federal funding needs between substitute highway and transit projects to be about 80 percent highway ($4.7 billion) and about 20 percent transit ($1.1 billion).

REMAINING VALUE OF WITHDRAWN SEGMENTS

Mr. LEHMAN. Approval for withdrawal of New York City's Westway project came on or about September 30, 1985.

What is your revised estimate of the remaining value of those interstate segments withdrawn as of September 30, 1985, and how would this be split between highways and transit?

Mr. MORGAN. The remaining value of the substitute projects is approximately $5.7 billion. $4.7, highways, and about $1.0 billion transit.

Mr. LEHMAN. Would you provide for the record a breakdown similar to that on pages 56 and 57 of our fiscal year 1986 Committee report showing the estimated remaining value of interstate highway withdrawals by state and city as of September 30, 1986, assuming full obligation of the fiscal year 1985 and 1986 formula and discretionary distributions?

[The information follows:]

ESTIMATED REMAINING VALUE OF INTERSTATE WITHDRAWALS
AS OF SEPTEMBER 30, 1986

STATE	WITHDRAWAL AREA	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY PROJECTS	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY AND TRANSIT PROJECTS
ARIZONA	Tucson	1,106,851	0	1,106,851
CALIFORNIA	Sacramento	0	3,231,517	3,231,517
	San Francisco	19,873,586	59,595,306	79,468,892
COLORADO	Denver	41,234,133	0	41,234,133
CONNECTICUT	Bolton to Killingly	327,378,733	259,900	327,638,633
	Hartford-New Britain	330,500,639	13,353,660	343,854,299
DIST. OF COLUMBIA	Washington	92,559,271	4,148,095	96,707,366
GEORGIA	Atlanta	68,853,813	0	68,853,813
ILLINOIS	Chicago	492,063,961	313,628,397	805,692,358
INDIANA	Indianapolis	31,417,529	1,049,623	32,467,152
IOWA	Waterloo	182,409,454	9,406,077	191,815,532
MARYLAND	Baltimore	413,921,997	194,671,946	608,593,943
	Bowie to Millersville	61,785,157	0	61,785,157
	Washington	5,517,975	0	5,517,975
MASSACHUSETTS	Boston	61,489,111	28,456,267	89,945,378
	Fall River to Providence	7,583,013	679,091	8,262,104
MINNESOTA	Duluth	9,535,370	1,688,106	11,223,476
	Minneapolis-St. Paul	13,931,951	0	13,931,951
NEBRASKA	Omaha	14,146,589	0	14,146,589
NEW JERSEY	New York City	24,366,505	0	24,366,505
	New York City to Trenton	163,044,926	1,012,114	164,057,040
	Philadelphia	35,191,536	709,840	35,901,376
NEW YORK	Albany	1,136,547	1,146,084	2,282,631
	New York City	1,447,816,068	349,704,645	1,797,520,713
OHIO	Cleveland	80,994,475	16,659,390	97,653,865
OREGON	Portland	67,159,181	7,702,699	74,861,880
	Salem	7,505,609	0	7,505,609
PENNSYLVANIA	Philadelphia	33,333,556	0	33,333,556
	Pittsburgh	38,313,815	0	38,313,815
RHODE ISLAND	Rhode Island	428,612,866	26,964,271	455,577,137
TENNESSEE	Memphis	163,968,089	19,213,083	183,181,172
VIRGINIA	Washington	10,271,680	0	10,271,680
	TOTALS	4,677,023,988	1,053,280,111	5,730,304,099

NOTES:

1. All amounts are Federal funds.
2. This table is based on the costs shown in S. Prt. 99-69 adjusted to reflect the withdrawal of I-478 in New York, lapses, reapportionments, intrastate shifts, Fiscal Year 1986 apportionments, and Fiscal Year 1986 allocations.
3. Highway and transit discretionary allocations made in accordance with House Report 99-450 (reduced per Gramm-Rudman-Hollings). Where intrastate distributions are unknown, Statewide earmarking has been proportionally distributed to withdrawal areas based on withdrawal values.
4. This table assumes the full obligation of funding already made available.

CONTROVERSIAL INTERSTATE SEGMENTS

Mr. LEHMAN. Last year you listed seven controversial interstate segments. One has been resolved.

Please update for the record whether the remaining six controversies have been resolved, and if so, how?

[The information follows:]

CONTROVERSIAL INTERSTATE SEGMENTS

State and route	Segment description	Miles	Cost	Nature of controversy
Colorado: I-70	Glenwood Canyon	11.4	$225	(1)
Hawaii: H-3	Oahu	10.7	619	(2)
Massachusetts: I-90	Boston Third Harbor Crossing	3.2	634	(3)
New Jersey: I-287	Montville to New York	20.3	518	(4)
New York: I-478	Westway	4.2	1,962	(5)
Pennsylvania:				
I-78	Allentown-Bethlehem	27.2	401	(6)
I-476	Mid-County Expressway	12.8	238	(7)
Total		89.8	4,597	

Costs in millions, State and Federal, from 1985 Interstate Cost Estimate.

1. Litigation has ended and most of remaining under construction.
2. Under court injunction. The State is evaluating its options.
3. Most of the controversy appears to have been eliminated by selecting an alignment which has minimal impact on the east Boston area.
4. In litigation. Opponents of projects have appealed a District Court decision to the Circuit court.
5. Withdrawn under 23 U.S.C. 103(e)(4).
6. Project under construction.
7. Opposition groups appealed a District Court decision to the Supreme Court. The appeal was denied and portions are under construction.

INTERSTATE SUBSTITUTE COMPLETION

Mr. LEHMAN. Last year you indicated that under a proposed merger of transit and highway projects into a $725 million program the completion of substitute highway projects would be delayed 1 year and 10 months beyond 1990.

You also indicated that a Westway withdrawal would result in another two years worth of substitute programs being required to complete all authorized substitute projects.

What is your estimate of delay, considering the withdrawal of Westway, under a $500 million program?

Mr. MORGAN. We estimate that it will take until 1998 to complete the interstate substitute program.

BLOCK GRANT

Mr. LEHMAN. In addition to consolidating the interstate, interstate 4R, and primary programs, your proposal also would consolidate the current federal-aid urban program, the federal-aid secondary program, and non-primary system portion of the bridge program together with what would be the total transit program into a single block grant program.

The program would be authorized at a level of $3.3 billion as is currently used for those highway programs being consolidated.

This does not represent any reduction from the current apportionments for highway programs. On the other hand, the transit part of the formula represents a significant reduction below the current section 3 and section 9 funding level.

Why was there not a proportionate reduction in each of the highway and transit programs? Would you please review the basis for creating the block grant program and explain the seemingly inconsistent treatment of urban transit and highways?

Mr. **Barnhart**. Well, I can only answer that subjectively, we think that highways are probably more essential than transit. I really do not know, Mr. Chairman. We have prepared our highway program and UMTA prepared its transit program.

Mr. **Morgan**. In regards to the question on the basis of creating it, Mr. Chairman, we created it again because the programs that are in it, are programs that are basically of local interest and we do not believe that there is a high federal interest in these, at least the highway portions of these programs.

And we believe the states and locals should have the flexibility on how to spend that money, rather than have any federal controls over that money.

CREATION OF BLOCK GRANTS

Mr. **Lehman**. Are these decisions made in your administration or do they come down to you from other areas in the government?

Mr. **Morgan**. The block grant, the creation of the block grant was a Federal Highway Administration recommendation.

Mr. **Barnhart**. I have been trying to get that for five years, Mr. Chairman, ever since it came up.

FUNDING LEVELS FOR BLOCK GRANT

Mr. **Lehman**. What funding levels did you recommend in accordance with that?

Mr. **Barnhart**. Well, what we recommended was that which we had programmed for the highway portion. I did feel that we ought to bring in the transit portion and make those funds fungible; again to get better value out of the dollar and to respond to local direction rather than ours.

As far as the transit funding, that is that penny that was taken out of the nickel gas tax increase so that we are dedicating all of that nickel then to transportation, but no general fund.

IMPACT OF DELAYING INTERSTATE TRANSFER FUNDS

Mr. **Lehman**. We have many cities, such as Chicago, that have depended on these interstate transfers, not only for transit but also for highways. I would hope that you would consider some of your philosophy in regards to the fact that these kinds of transit problems are of a local nature and I think that our big cities need federal support at the national level.

Mr. **Barnhart**. Well, I think that is correct, but when you look at the total package in all of government where will we cut? Congress seems intent on retaining Amtrak as it is, or there is such controversy on Conrail etc., and there has to be some choices made. We have tried to make those, we think, very responsibly.

I know that our proposal has not met with an overwhelming positive reception, but I think, as people look at the numbers they will see why we have approached this as we have done.

And I think would probably agree that we have targeted according to the real priorities from the federal point of view.

POTENTIAL EFFECTS OF BLOCK GRANTS

Mr. **Lehman**. What are the potential effects of combining the highway and transit programs at a lower level of equivalent funding? Do you think this may place a disproportionate burden on the highway system, particularly in those states with significant transit needs; or do you think more dollars will flow to the highways?

Mr. **Barnhart**. I think it is a local decision. I do not know what their choices will be.

Mr. **Lehman**. Supposedly the structural changes to the federal-aid highway program that you are proposing would increase flexibility to the states and would increase purchasing power or productivity of state funds by reducing federal requirements. What existing federal requirements would be reduced and what is your estimate of the productivity savings associated with each?

Mr. **Barnhart**. Basically we would have a certification from the state, the governor and local authorities saying that they had comported with federal law.

We would require compliance with non-discrimination requirements with the uniform relocation environmental regulations, etc.

Mr. **Lehman**. What is your estimate of the productivity savings?

Mr. **Morgan**. We just intuitively know that there would be productivity savings because there would be no federal involvement on a project by project basis. But, Mr. Chairman, we do not have any quantifiable figures to give you on that.

Mr. **Lehman**. What you are trying to say is that if you give the state a lump sum, they will use it better than if you have a federal involvement?

Mr. **Morgan**. The time element involved in each project by project approval in our review to see that they have followed federal requirements on each project. That would not happen. We would not be involved in a project-by-project basis.

Mr. **Lehman**. To what extent do you believe the block grant program would be affected by the obligation limitation under your proposal?

Mr. **Morgan**. We would take sufficient obligation limitation off the top to cover the block grant in its entirety.

BLOCK GRANT PAY-OUT SCHEDULE

Mr. **Lehman**. Would you please explain the payment method you established for the block grant program, why you established it, and the basis for arriving at that particular payout schedule?

[The information follows:]

Under the block grant program, a State will receive payments to meet its cash needs not to exceed 15 percent of the amount apportioned to it during the fiscal year the funds are apportioned; not to exceed 40 percent in the year after apportionment, not to exceed 20 percent in the second year after apportionment and not to exceed 25 percent in the third year after apportionment. This payment schedule, which is an approximation of the composite payout curve for highway and transit projects under existing FHWA and UMTA programs, was established so that expenditures would not exceed those that would occur under current law.

BLOCK GRANT DEMONSTRATION PROGRAM

Mr. **Lehman**. On March 3, 1986, you published a notice in the Federal Register announcing that you will conduct a 2 to 4-year demonstration program to simulate a block grant program for federal-aid urban, and secondary systems and the bridge projects on these systems. Does this mean that you do not have much confidence that your reauthorization proposal will be passed?

What is the purpose of this demonstration?

Mr. **Leathers**. Mr. Chairman, there are really two purposes. Because of our proposal in the legislation it is to get some idea of these things and how well they work. If the legislation proposal does not fly, then we feel that the demonstration will identify some procedures that we can adopt administratively to streamline our practices, and administration practices under the current legislation.

Mr. **Barnhart**. Mr. Chairman, at various meetings up here, whether it is with mayors, or other levels of government, generally there has been some concern, a great deal of concern and probably opposition to the concept of our block grant.

However, that is publicly. And that is after staff and some leadership have already taken positions. I will state with absolutely no equivocation, that on meeting with people in smaller groups and explaining what we are doing there is a great deal of support for this concept.

The biggest block is when people look at the total numbers of dollars and immediately turn off. And I plead with them do not look only at the dollars, but look at the concept and see if what we are trying to do is not right. And there is a great deal of support for it.

Mr. **Lehman**. In regards to that, should not any questions regarding the block grant program management, or administration or effectiveness have been resolved prior to proposing a block grant program in your reauthorization proposal?

Mr. **Barnhart**. I do not think that we have real problems on that program at all. We have gone out to advertise this thing to get some more discussion on it. We have been talking about this now for five years because I think it is the right way to go.

STATE FEEDBACK ON BLOCK GRANTS

Mr. **Lehman**. What kind of feedback have you gotten from the states as to how it would be received or not received in terms of this type of change?

Mr. **Morgan**. We intend to select one state for each of our Federal Highway Administration regions and we have had more than enough response to be able to start selecting those states.

Mr. **Lehman**. On a demonstration level?

Mr. **Morgan**. Yes, sir.

MINIMUM ALLOCATION

Mr. **Lehman**. Why are you proposing to cut the 85 percent minimum program from $622 million in fiscal year 1986 to $250 million in fiscal year 1987?

What is your estimate of the dollar amount that would be required to bring all affected states up to the 85 percent minimum apportionment level, and if the amount is greater than $250 million what states would not be able to meet the 85 percent minimum apportionment level?

Mr. **Barnhart**. That $622 million figure fluctuates from year to year. Right now, in 1987, if we were to meet the 85 percent, I think that would require more than $80 million above the $250 million.

Mr. **Morgan**. Under our legislative proposal, the amount to fully fund the 85 percent in 1987, would be about $330 million.

There would be no reduction in the number of states receiving a portion of the $250 million. They would receive their proportional share of the $250 million.

BRIDGE PROGRAM

Mr. **Lehman**. Under your reauthorization proposal, the bridge program will include only non-interstate primary system bridges. Bridges on the interstate system would be eligible under the interstate/primary program.

The new bridge program would be authorized at $1.25 billion per year. On what basis did you establish this authorization level?

Mr. **Morgan**. That was based on the approximate needs on the primary system, Mr. Chairman. Also, taking into consideration the amount of the existing bridge funding which was attributable to the block grant element of our proposal.

Mr. **Lehman**. According to information you provided for the record last year there is a substantial backlog, $11.4 billion, of primary system bridge needs. What is the current estimate of backlog? Would the proposed authorization level of $1.2 billion per year for four years enable you to reduce that backlog, and if so, by how much?

Mr. **Morgan**. In answer to the first part of the question, the backlog on primary bridge needs has increased from last year to this year. And the $1.2 billion should cause us to bite into that backlog needs over the next four year period.

FEDERAL SHARE OF BRIDGE PROGRAM

Mr. **Lehman**. Based on your proposal, the primary system bridges are those in which there is a legitimate federal interest or that warrant federal attention yet, you are proposing to reduce the federal cost share from 80 percent to 75 percent. Can you explain why?

Mr. **Morgan**. Yes, sir.

That program, the bridge program is eligible on the primary system only and the primary match share is 75/25 and we believe that the bridge program also should be the same as the other parts of the primary system.

BRIDGE REPLACEMENT AND REHABILITATION COSTS

Mr. **Lehman**. Please update for the record, the table showing the cost to rehabilitate and replace deficient bridges on page 1116 of last year's hearing record.

[The information follows:]

ESTIMATE TO REPLACE OR REHABILITATE DEFICIENT BRIDGES

[Costs include Federal and State shares]

System	Sufficiency rating <50 [1]	Estimated replacement cost (billions)	Sufficiency rating, 50–80 [2]	Estimated rehabilitation cost (billions)	Total cost (billions)
Interstate	531	$0.6	3,647	$2.2	$2.8
Primary	8,417	8.1	12,957	5.2	13.3
Secondary	13,792	4.8	15,050	2.1	6.9
Urban	4,410	5.1	4,974	2.3	7.4
Total	27,150	18.6	36,628	11.8	30.4
Off-system	109,933	16.7	48,106	3.7	20.4
Total	137,083	35.3	84,734	15.5	50.8

[1] Bridges eligible for replacement or rehabilitation.

[2] Bridges eligible for rehabilitation.

BRIDGE PROGRAM ACCOMPLISHMENTS

Mr. LEHMAN. How many bridges were replaced or rehabilitated in 1985, and how much was obligated for this type of work?

[The information follows:]

The $2.3 billion obligated in FY 1985 ($1.6 billion of Highway Bridge Replacement and Rehabilitation Program funds and $.7 billion of other Federal-aid funds) was for the replacement and rehabilitation of approximately 5,800 bridges.

BRIDGE FUNDING STATISTICS

Mr. LEHMAN. Please update the list on page 1116 of last year's hearing record that shows the number and cost to repair bridges since 1973.

[The information follows:]

ESTIMATE OF FEDERAL FUNDS ON BRIDGES FROM EACH FISCAL YEAR SINCE 1973

Fiscal year	Amount (thousands)	Number of new or rehabilitated bridges
1973	$1,078,018	2,494
1974	1,194,518	1,971
1975	1,477,616	2,740
1976	1,639,492	3,087
1976 (transition quarter)	400,000	825
1977	1,550,186	3,496
1978	1,658,595	3,569
1979	2,124,590	3,572
1980	2,120,000	3,054
1981	1,630,000	3,509
1982	1,829,267	4,289
1983	2,436,617	6,392
1984	2,983,554	7,083
1985	3,200,830	6,530
1986 (estimated)	3,000,000	6,300

TOLL FINANCING

Mr. **Lehman**. Mr. Pursell, will you take over for me in the toll financing area, if you have the time?

Mr. **Pursell**. Fine, Mr. Chairman.

Increasing financial pressure on the Highway Trust Fund, together with a shift in emphasis on federal highway spending from the construction of new highways to repair of existing highways has led to renewed interest in toll financing to meet the demand for new highway capacity.

The Congressional Budget Office recently released a study in which they outlined alternative toll financing approaches.

Would you please comment on the major findings of CBO's analysis relative to your proposal that would permit federal aid to be used to finance construction of new toll roads?

Mr. **Barnhart**. Yes, sir.

This is another change that we have been trying to accomplish for the past several years. I think that it is something that is necessary because we ought to give the states and local areas flexibility. And right now, federal funds are restricted to toll bridges and toll tunnels, but not the road that connects the two. And that certainly is inconsistent to me. I think there is need out there and we ought to allow the states to use some of their funds to make feasible toll roads, if they so choose.

I appreciate the report from CBO. I am glad that they endorse, in effect, some of what we proposed. I do take issue with them where they would permit the placement of tolls on existing highways, on existing locations. I think that it is inappropriate and furthermore, I think it is politically not able to be achieved. I think that it would cloud the issue and perhaps cause the defeat of this element of permitting the use of funds on toll facilities.

And I would hate to see that go down the drain. There are too many areas in this country that need that flexibility.

RICHMOND TOLLS

Mr. **Wolf**. Would the gentleman yield?

Mr. **Pursell**. Certainly.

Mr. **Wolf**. How about Route 95 down in Richmond, they had tolls. How were they——

Mr. **Barnhart**. That was existing. It was not built as an interstate and then tolls put on to it.

Mr. **Wolf**. Oh, I see.

Mr. **Barnhart**. We have quite a few miles of toll interstates, but not built with interstate money and then the tolls put on them.

Mr. **Wolf**. Oh, so you favor now allowing the states to build the interstates with——

Mr. **Barnhart**. Well, I doubt if there would be any interstate. I suppose that they possibly could and get a section 139 agreement or something.

Mr. **Wolf**. I was thinking in terms of the outer beltway.

Mr. **Barnhart**. No, sir, we would not recommend that at all.

On a new facility?

Mr. **Wolf**. Yes.

Mr. **Barnhart**. Oh, sure. You know, it is yes, and even if the tolls, the revenue would not carry it, well then the market takes care of that.

CURRENT TOLL POLICY

Mr. **Wolf**. Would it not take a change of existing law?

Mr. **Barnhart**. Yes.

Mr. **Wolf**. Say, if the State of Virginia wanted to build an outer beltway, or a Washington by-pass or whatever you wanted to call it, they could not have tolls now?

Mr. **Barnhart**. They could not use any federal funds in those tolls. It is just like a lot of people complain about the Dulles Access toll road, and you know, our highway program is kind of confusing. People see a road and they think it is all part of the federal system. It is not. That is a private state thing and it has proved very successful. I do not know why the federal government should stand in the way of local options. And my question is, why would you deny the states to have that flexibility and require them to have a choice of either building a road as a total facility or not having the facility or building it totally out of other funds and make that cost a burden of the entire state instead of the local area that wants that facility?

Mr. **Wolf**. Or those from other areas who want to drive through it. If the State of Virginia wanted to build this outer-beltway using federal monies, there would have to be a change in the law, if they wanted to have it a toll road?

Mr. **Barnhart**. That is correct.

Mr. **Wolf**. Thank you very much.

TOLL BOOTH CHEATING

Mr. **Lehman**. I am just a little concerned. There are a half a dozen or more toll booths in my district and even more in Dade County and there is rampant cheating.

I just wonder if you have done any investigations or studies as to how many people actually pay the tolls, whether the money is going into the places it is supposed to go, and whether the one-way toll system is better than the two-way toll system?

Mr. **Barnhart**. Well, certainly the one-way toll system makes sense because it cuts down delays and it makes very good sense. Boston did that on their tunnel. And New York, there are quite a few places doing that. As far as our monitoring of those tolls, we are not involved in it; that is another thicket. So we have not done that.

Mr. **Lehman**. I did not want you to monitor, I just wondered if you had any idea whether it was really operating as it is supposed to operate.

Mr. **Barnhart**. I do not know. I was on the Texas Turnpike Authority and we had toll facilities. It worked out very well and I had absolutely no indication of malfeasance in the administration of that. But I really cannot speak to anything beyond that.

Mr. **Lehman**. That is where maybe the tolls were a quarter or less. I just wonder what would happen when they are higher. Also, where you throw those quarters into those buckets, I see toll takers that do not ring up the money.

Mr. BARNHART I see that at National Airport or I used to see it at National Airport and that is why I always ask for a receipt. But now they have got a change in management over there, in the franchiser, and I think that the situation has improved.

Mr. LEHMAN. I think it is a serious problem on toll roads but I will yield back to Mr. Pursell.

EXTRA COST OF TOLL ROADS

Mr. PURSELL. Thank you, Mr. Chairman.

How much more do you estimate that toll roads cost to construct than comparable non-toll roads? Also, how much more do toll roads cost to operate than non-toll roads?

Are there any studies in that area?

Mr. MORGAN. The only increase in cost of a toll road over a non-toll road, obviously, is the toll booths and the collection facility. The increased costs in operations of a toll road over a non-toll road, again, would be basically in the toll collection. And I think that runs about 15 percent of the operating costs.

But, again, I will furnish that for the record, if I am incorrect.

Mr. BARNHART. However I think the toll roads are maintained better, probably because of the bonded indebtedness in some of the caveats on those bonds, but generally they are in very good repair.

Mr. PURSELL. Have you prepared any cost/benefit analysis comparing extra costs of toll road construction against economic benefits stemming from accelerating construction of a new highway facility?

Mr. BARNHART. No. I do not know that we have but remember that our proposal is an option not a mandate. And simply to allow the states to do it and they would have to do their own economic analysis.

Mr. MORGAN. Mr. Pursell, there have been some of these done, and I believe some have actually constructed new toll roads, such as the interstate of Florida, the analysis would be made of whether it is able to support itself and what the options are. We do not have those though.

TOLLS ROADS AND EXISTING FEDERAL REQUIREMENTS

Mr. PURSELL. What federal requirements would apply to federally assisted new toll road construction projects?

For example, would states be required to meet federal contracting, design, environmental, engineering, and DBE requirements? Have you developed any information concerning the increased costs associated with meeting these requirements? If so, how significantly would these costs impact toll rates?

Mr. MORGAN. The first part of the question, the answer is yes, the federal requirements would apply if it is going to be a federal-aid project.

We do not have any figures on what these increased costs associated with meeting the federal requirements are. I just might speculate that they should not increase the toll costs, simply because the increases would be more or less incremental or of a lower magnitude compared to the total cost of the facility.

LESSER MATCHING RATIOS FOR TOLL ROADS

Mr. **Pursell**. The CBO study considered the possibility of providing a lower federal cost share for toll road projects than for non-toll road projects, to improve the likelihood that the more cost-effective and self-sufficient toll-financed roads are selected for federal-aid financing.

Under your proposal, the federal share would be set at the equivalent of what it would be for non-toll roads. Did you consider CBO's suggestion with respect to a lower federal share, and if so, why did you reject it?

Mr. **Robertson**. Mr. Pursell, we, in effect, have another part of our legislation which would permit lesser matching of federal-aid projects. So, in effect, that in combination with this would give the state the flexibility to match it at a lower rate if they judge that to be the case.

Mr. **Pursell**. Would you comment on the CBO's recommendation on it with respect to this? The lower share, do you agree with that?

Mr. **Robertson**. Well, Mr. Pursell, we felt that whether or not a share should be lowered should be state/local determination based on the traffic, toll revenues and so forth and there was no reason for us to step into that.

If our legislation were adopted, and we have a normal matching ratio of 75/25, 75 percent being federal, under another bit of our legislation proposal, the state would have the option of lowering the federal match anyway.

So, we said better than have the federal government adopt a uniform standard there, we would make it more flexible to the state and local governments, sir.

We think that it is the better approach.

TOLL ROAD STATISTICS

Mr. **Pursell**. How many miles of existing toll roads currently exist and on which highway systems are they?

How many additional miles of toll roads to you estimate would conceivably be constructed under your proposal?

Mr. **Morgan**. There are approximately 2,200 miles of toll roads on the interstate system. And I will provide for the record the toll road mileage on other federal-aid highway systems.

[The information follows:]

As of January 1, 1985, there were 671 miles of toll roads on the Federal-Aid Primary System and 32 miles of toll roads on the Federal-Aid Urban System. There are no toll roads on the Federal-Aid Secondary System.

INTERSTATE TOLL ROAD MILEAGE

Mr. **Pursell**. That is 2,200 out of what?

Mr. **Morgan**. Well, the entire interstate system was 42,500 so that is 5 percent of the interstate system is tolls.

We have not made any estimate of how many additional miles may be constructed. We do know of some states and localities that are actually proceeding with construction of new toll facilities, however.

TOLL ROADS AND 4R WORK

Mr. **Pursell**. It is my understanding that under your proposal, new and existing toll facilities would be eligible to use available federal funds for 4R work. Will this provision not place greater financial pressure on the federal funding available to rehabilitate the existing non-toll highway system?

They just qualify the same as non-toll systems.

Mr. **Morgan**. Only if they are on the interstate system, Mr. Pursell. Only if the toll road is on the interstate system would it be eligible for the 4R funds.

Mr. **Pursell**. So it really would not change?

Mr. **Morgan**. No, sir, the 1982 Act provides that it is eligible, however, they have to enter into an agreement saying the tolls will be removed if it is on the interstate system.

So what we are doing is legislatively saying you do not have to go through all the agreement process. That if it is on the interstate system 4R funds are eligible. And because the interstate system is such, or the toll roads are such a small portion of the interstate system we cannot see that creating any pressure on the other highway projects.

After all, the toll roads still generate revenues.

Mr. **Pursell**. To the Trust Fund?

Mr. **Morgan**. To the Trust Fund, yes.

Mr. **Pursell**. Of course, some interest groups contend that collection of tolls represents double taxation on the user who has already paid motor fuel and other taxes for road construction and maintenance. Do you agree that toll collection represents double taxation?

Mr. **Barnhart**. Certainly, but it is not a mandatory double taxation. It is optional and that is why we would say that we would not permit tolls on existing facilities that are not tolled, because you will have the option of continuing to use the free facility as opposed to the alternate location.

So, it is a question of choice.

DIVERSION OF TOLL REVENUES

Mr. **Pursell**. Opposition has been expressed to continuing toll collections after a facility is paid for, and to the diversion of toll revenues to other projects, especially if used to finance questionable projects.

What safeguards have you established to ensure that toll financing will not be used as a means to construct a highly productive system of roads, the future tolls from which will eventually be used to finance questionable highway projects?

Mr. **Barnhart**. Well, that is assuming that they would be questionable highway projects. I do not know that we ought to make that determination. We do provide that tolls could be continued on toll facilities, even if the bonds are paid off as long as the revenue is used on other projects eligible under Title 23.

Mr. **Lehman**. Mr. Barnhart, those are non-highway projects?

Mr. **Barnhart**. No, only highway projects.

Mr. **Morgan**. We have no federal safeguards. We would expect that the project selection process at the state and local level would be the same as for other transportation facilities and that the professional and political judgments of the area would be at least prudent.

TOLLS AND THE POLITICAL PROCESS

Mr. **Pursell**. My general feeling would tell me that toll road proposals would be extremely unpopular. How would the states adopt a toll road program, by virtue of a referendum on a ballot or legislatively?

Mr. **Barnhart**. Whatever their procedures are. And you know, toll roads are not popular but it is a question in some instances, I think, as to whether or not you have a facility or you do not. And if the locals want to withstand the political pressure not to apply tolls, then that should be their choice.

Mr. **Pursell**. If you argue this out to the full extension you will have 50 states developing somewhat independent public toll projects that would be, I would think, enormously inconsistent with the present system, with which users are generally very satisfied.

I have not seen any polls that have said that toll projects are popular. I have a hard time believing they are.

Mr. **Barnhart**. No, they are not.

But that is why I say if the governor and the state highway department want to propose that, and the local community wants to do it, why should we, in Washington, say, no you cannot?

Mr. **Pursell**. Well, where is all this effort coming from for all of these toll proposals?

I think it is almost a waste of time that we are even——

Mr. **Barnhart**. On the contrary. Houston just passed a $900 million bond issue here a couple of years ago because they have such crying need for roads and one is a toll facility because they will not be able to have the facilities if they cannot find the additional monies.

Mr. **Pursell**. There are financing resources as you see this becoming a more realistic type program in the future?

Mr. **Barnhart**. Yes, it will be spotty, and it will be dependent upon the area. It is not going to have application in many states. Many do not want to touch it and in many parts of states, they will not touch it. But certainly in some areas, for instance, as Congressman Wolf has said, if you need something up in here, and you cannot get it out of Richmond, or you cannot get it out of Baltimore, is there the demand there where people who need the road are willing to pay something extra for it?

That is the choice.

Mr. **Pursell**. You are proposing essentially enabling legislation.

Mr. **Barnhart**. That is exactly it. Not mandatory at all, and we would not support it as a mandatory provision.

Mr. **Pursell**. Mr. Chairman, do you want me to continue until noon?

Mr. **Lehman**. Yes, go ahead.

Mr. **Pursell**. Frank, do you have any additional questions?

Mr. **Wolf**. No, go ahead.

EXEMPTIONS FROM LIMITATION

Mr. Pursell. You are requesting a fiscal year 1987 obligation limitation of $12.4 billion. This is about $350 million less than we provided in the fiscal year 1986 continuing resolution but about $200 million more after the Gramm-Rudman-Hollings sequestration.

However, for fiscal year 1987 you will include all federal-aid highway programs except emergency relief and minimum allocation under the fiscal year 1987 limitation.

What was the obligation level in fiscal year 1985 and the estimated level for fiscal year 1986 for those exempt programs you propose to include under the 1987 limitation?

Mr. Morgan. For 1985 the exempt programs to which you refer were $32 million and in 1986, we estimate about $64 million.

Mr. Pursell. Are those the total or is that—

Mr. Morgan. Yes, sir, that is the combined total of exempt programs which are to be included in the 1987 limitation.

Mr. Pursell. Is that—

Mr. Morgan. I have a table, Mr. Pursell that I would be glad to furnish for the record that breaks all exempt programs down into separate categories.

Mr. Pursell. Could you show that break-down in total?

Mr. Morgan. Yes, sir.

[The information follows:]

FEDERAL-AID HIGHWAYS—EXEMPT PROGRAM OBLIGATIONS

[In thousands of dollars]

Programs	FY 1985 (act.)	FY 1986 (est.)	FY 1987 (est.)
Minimum Apportionment	$701	$931	$250
Emergency Relief	72	160	100
Accelerated Bridges	(15)	14	
Woodrow Wilson Bridge	0	0	
Union Station	0	4	
Gap Closing Demo. (131b)	0	0	
Useable Segments Demo. (131j)	22	25	
Zilwaukee Bridge	21	15	
Alaska Highway	4	6	
Total	805	1,155	350

FY 1986 EXEMPTIONS

Mr. Pursell. What is the fiscal year 1986 funding availability for the programs exempt from the 1986 limitation?

[The information follows:]

The FY 1986 funding availability for the programs exempt from the Federal-aid Highways obligation limitation is $1,752,060,375. This amount takes into consideration the effect of Gramm Rudman but could change if the Congress enacts the Budget Reconciliation bill now under consideration.

FY 1987 VALUE OF FY 1986 EXEMPTIONS

Mr. Pursell. What do you assume the estimated fiscal year 1987 obligation levels are for the 1986 exempt program?

[The information follows:]

The estimated FY 1987 obligation level for the programs exempt from the FY 1986 Federal-aid Highways obligation limitation is $361,000,000.

LISTING OF EXEMPTIONS

Mr. **Pursell.** Please update for the record the list of all programs excluded under the federal-aid highway obligation limitation as shown on page 1068 of last year's hearing record.

Include the estimated obligation level for each program for both fiscal years 1986 and 1987.

[The information follows:]

COMPARISON OF FY 1986 AND FY 1987 PROGRAM LEVELS FOR PROGRAMS EXEMPT FROM THE FEDERAL-AID HIGHWAY OBLIGATION LIMITATION

	Program level	
	FY 1986 (estimated)	FY 1987 (estimated)
Minimum Apportionment	$931,000	$250,000
Emergency Relief	160,000	100,000
Accelerated Bridges	14,000	
Woodrow Wilson Bridge	0	
Union Station	4,000	
Gap Closing Demo. (131b)	0	
Useable Segments Demo. (131j)	25,000	
Zilwaukee Bridge	15,000	
Alaska Highway	6,000	
Total	1,155,000	350,000

TOTAL HIGHWAY OBLIGATIONS

Mr. **Pursell.** What is your estimate of total obligations for fiscal year 1987 for all federal-aid highway programs, including the remaining programs that would still be exempt from the limitation under the President's proposed budget?

How does that compare to total obligations for fiscal year 1986?

[The information follows:]

Estimated FY 1987 obligations for the Federal-aid Highway program, including those programs exempt from the limitation is $12,770,000,000, $586,750,000 less than the FY 1986 level of $13,356,750,000.

DISTRIBUTION OF LIMITATION

Mr. **Pursell.** Why are you proposing to exclude the block grant program from the distribution of the obligation limitation?

Mr. **Morgan.** We have included the block grant program under the limitation, Mr. Pursell, in our proposal.

Mr. **Pursell.** You are not excluding it from the distribution?

Mr. **Morgan.** No, sir.

Mr. **Lehman.** Is it apportioned under the same formula?

Mr. **Morgan** We cover the block grant program a 100 percent, dollar-for-dollar.

FEDERAL-AID HIGHWAY PROGRAMS SUBJECT TO LIMITATION

Mr. PURSELL. Please update for the record, the list of those federal-aid highway programs included in the 1986 limitation as shown on pages 1056 and 1057 of last year's hearing record.

[The information follows:]

FUNDS SUBJECT TO FEDERAL-AID HIGHWAY PROGRAM—OBLIGATION LIMITATION FOR FY 1986

Fund: Interstate Construction, Interstate Gap Closing Interstate 4R, Interstate Discretionary-Construction, Interstate 4R-Maryland, Interstate Discretionary-4R, Rail-Highway Crossings on Any Public Road, Hazard Elimination, Consolidated Primary, Rural Secondary, Urban System-Attributable, Urban System-Not Attributable, Urban System-PR, HPR, Metropolitan Planning, Public Lands-FY 1983 and subsequent, Indian Reservation Roads, Parkways and Park Highways, Forest Highway-Apportioned, Forest Highway-Allocated, Discretionary Priority Primary, Economic Growth Center, Special Urban High Density, Special Bridge Replacement, Highway Bridge Replacement and Rehabilitation: Apportioned, Discretionary, Talmadge Bridge; Franconia Notch, Bypass Highway Demonstration, Integrated Motorist Information System Demo., Publicly Owned Facilities, Maryland I-170, Great River Road, Urgent Supplemental Bridges, Interstate Transfers: Apportioned, Discretionary; Los Angeles Freight Transportation Demo, CA-131(a), Buhne Point Shoreline Erosion Demo, CA-131(c), E. Baton Rouge Interchange Congestion Demo, LA-131(d), Louisville Primary Connector Accel. Demo,-KY-131(e), Vermont Certification Demo, VT-131(f), Devils Lake Erosion Demo, ND-131(g), Bridge Over Intercoastal Waterway Demo, FL-131(h), Idaho Truck Safety/Railroad Elimin. Demo, ID-131(i), Acosta Bridge.

ACTUAL APPORTIONMENTS

Mr. PURSELL. Please provide for the record, the actual apportionment of the remaining fiscal years 1986 and 1987 interstate construction funds, the remaining fiscal years 1985 and 1986 interstate transfer funds, and the 85 percent minimum allocation funds.

[The information follows:]

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

APPORTIONMENT OF INTERSTATE CONSTRUCTION FUNDS
FOR FISCAL YEARS 1986 AND 1987

STATE	FY 1986	FY 1987 PURSUANT TO P.L. 99-177	TOTAL
ALABAMA	111,272,183	90,102,750	201,374,933
ALASKA	18,201,000	17,418,357	35,619,357
ARIZONA	60,767,331	57,488,675	118,256,006
ARKANSAS	18,201,000	17,418,357	35,619,357
CALIFORNIA	327,692,709	314,133,411	641,826,120
COLORADO	65,006,912	60,068,500	125,075,412
CONNECTICUT	68,607,191	76,152,589	144,759,780
DELAWARE	18,201,000	17,418,357	35,619,357
FLORIDA	246,164,889	273,525,066	519,689,955
GEORGIA	144,448,588	104,689,904	249,138,492
HAWAII	96,332,706	87,077,030	183,409,736
IDAHO	27,288,098	28,218,818	55,506,916
ILLINOIS	18,201,000	17,418,357	35,619,357
INDIANA	18,201,000	17,418,357	35,619,357
IOWA	18,201,000	17,418,357	35,619,357
KANSAS	18,201,000	17,418,357	35,619,357
KENTUCKY	73,317,837	79,337,557	152,655,394
LOUISIANA	170,559,025	184,696,304	355,255,329
MAINE	18,201,000	17,418,357	35,619,357
MARYLAND	94,616,685	87,013,330	181,630,015
MASSACHUSETTS	165,377,314	138,992,011	304,369,325
MICHIGAN	65,040,559	72,426,176	137,466,735
MINNESOTA	75,303,037	90,835,292	166,138,329
MISSISSIPPI	18,201,000	17,418,357	35,619,357
MISSOURI	18,201,000	17,418,357	35,619,357
MONTANA	18,201,000	17,418,357	35,619,357
NEBRASKA	18,201,000	17,418,357	35,619,357
NEVADA	18,201,000	17,418,357	35,619,357
NEW HAMPSHIRE	18,201,000	17,418,357	35,619,357
NEW JERSEY	109,589,809	125,392,197	234,982,006
NEW MEXICO	18,201,000	17,418,357	35,619,357
NEW YORK	263,459,689	309,228,560	572,688,249
NORTH CAROLINA	38,795,533	49,749,203	88,544,736
NORTH DAKOTA	18,201,000	17,418,357	35,619,357
OHIO	67,294,940	29,238,008	96,532,948
OKLAHOMA	26,783,386	17,931,371	44,714,757
OREGON	26,985,271	25,670,843	52,656,114
PENNSYLVANIA	237,416,547	166,892,332	404,308,879
RHODE ISLAND	18,201,000	17,418,357	35,619,357
SOUTH CAROLINA	49,831,903	44,844,352	94,676,255
SOUTH DAKOTA	18,201,000	17,418,357	35,619,357
TENNESSEE	18,201,000	17,418,357	35,619,357
TEXAS	188,795,953	179,791,453	368,587,406
UTAH	72,342,060	65,259,998	137,602,058
VERMONT	18,201,000	17,418,357	35,619,357
VIRGINIA	136,305,612	147,527,726	283,833,338
WASHINGTON	156,258,850	156,254,538	312,513,388
WEST VIRGINIA	55,922,095	17,418,357	73,340,452
WISCONSIN	18,201,000	17,418,357	35,619,357
WYOMING	18,201,000	17,418,357	35,619,357
DIST. OF COL.	18,201,000	20,511,195	38,712,195
TOTAL	3,640,199,712	3,483,671,400	7,123,871,112

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

APPORTIONMENT OF FY 1985 INTERSTATE TRANSFER FUNDS UNDER SECTION 103(e)(4) OF TITLE 23, U.S.C. FOR SUBSTITUTE HIGHWAY PROJECTS

STATE	WITHDRAWAL AREA	AMOUNT	APPORTIONED TO STATE
ARIZONA	TUCSON	337,838	337,838
CALIFORNIA	SAN FRANCISCO	2,302,493	2,302,493
COLORADO	DENVER	10,218,285	10,218,285
CONNECTICUT	BOLTON TO KILLINGLY	42,666,278	
	HARTFORD - NEW BRITAIN	49,526,978	92,193,256
GEORGIA	ATLANTA	10,717,245	10,717,245
ILLINOIS	CHICAGO	83,835,675	83,835,675
INDIANA	INDIANAPOLIS	5,265,068	5,265,068
IOWA	WATERLOO	29,303,505	29,303,505
MARYLAND	BALTIMORE	69,038,393	
	BOWIE TO MILLERSVILLE	9,708,930	
	WASHINGTON, D.C.	857,588	79,604,911
MASSACHUSETTS	BOSTON	9,578,992	
	FALL RIVER TO PROVIDENCE	1,174,635	10,753,627
MINNESOTA	DULUTH	2,375,257	
	MINNEAPOLIS-ST. PAUL	2,463,615	4,838,872
NEBRASKA	OMAHA	2,203,740	2,203,740
NEW JERSEY	NEW YORK CITY	5,764,027	
	PHILADELPHIA	6,964,650	
	NEW YORK CITY TO TRENTON	23,409,540	36,138,217
NEW YORK	ALBANY	639,292	
	NEW YORK CITY	10,997,910	11,637,202
OHIO	CLEVELAND	15,062,355	15,062,355
OREGON	PORTLAND	11,975,040	
	SALEM	1,340,955	13,315,995
PENNSYLVANIA	PHILADELPHIA	5,675,670	
	PITTSBURGH	6,522,862	12,198,532
RHODE ISLAND	RHODE ISLAND	60,940,687	60,940,687
TENNESSEE	MEMPHIS	21,860,685	21,860,685
VIRGINIA	WASHINGTON, D.C.	2,614,342	2,614,342
DIST. OF COL.	WASHINGTON, D.C.	14,407,470	14,407,470
TOTAL		519,750,000	519,750,000

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

APPORTIONMENT OF FY 1986 INTERSTATE TRANSFER FUNDS UNDER SECTION 103(e)(4) OF TITLE 23, U.S.C. FOR SUBSTITUTE HIGHWAY PROJECTS PURSUANT TO P.L. 99-177

STATE	WITHDRAWAL AREA	AMOUNT	APPORTIONED TO STATE
ARIZONA	TUCSON	340,009	340,009
CALIFORNIA	SAN FRANCISCO	2,282,181	2,282,181
COLORADO	DENVER	10,128,145	10,128,145
CONNECTICUT	BOLTON TO KILLINGLY	42,289,900	
	HARTFORD - NEW BRITAIN	49,090,079	91,379,979
GEORGIA	ATLANTA	10,622,704	10,622,704
ILLINOIS	CHICAGO	83,096,125	83,096,125
INDIANA	INDIANAPOLIS	5,213,470	5,213,470
IOWA	WATERLOO	29,045,006	29,045,006
MARYLAND	BALTIMORE	68,429,375	
	BOWIE TO MILLERSVILLE	9,623,283	
	WASHINGTON, D.C.	850,022	78,902,680
MASSACHUSETTS	BOSTON	9,494,492	
	FALL RIVER TO PROVIDENCE	1,164,273	10,658,765
MINNESOTA	DULUTH	2,354,304	
	MINNEAPOLIS-ST. PAUL	2,441,882	4,796,186
NEBRASKA	OMAHA	2,184,300	2,184,300
NEW JERSEY	NEW YORK CITY	5,713,181	
	PHILADELPHIA	6,903,212	
	NEW YORK CITY TO TRENTON	23,203,034	35,819,427
NEW YORK	ALBANY	1,071,543	
	NEW YORK CITY	10,463,002	11,534,545
OHIO	CLEVELAND	14,929,484	14,929,484
OREGON	PORTLAND	11,869,403	
	SALEM	1,329,126	13,198,529
PENNSYLVANIA	PHILADELPHIA	5,625,603	
	PITTSBURGH	6,465,322	12,090,925
RHODE ISLAND	RHODE ISLAND	60,403,104	60,403,104
TENNESSEE	MEMPHIS	21,667,843	21,667,843
VIRGINIA	WASHINGTON, D.C.	2,591,280	2,591,280
DIST. OF COL.	WASHINGTON, D.C.	14,280,376	14,280,376
TOTAL		515,165,063	515,165,063

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

APPORTIONMENT OF 85 PERCENT MINIMUM ALLOCATION FUNDS FOR FY 1986 PURSUANT TO P.L. 99-177

STATE	AMOUNT
ARKANSAS	8,112,723
CALIFORNIA	114,146,342
ILLINOIS	23,720,976
INDIANA	61,674,243
NORTH CAROLINA	59,719,287
OHIO	82,445,904
OKLAHOMA	40,435,121
SOUTH CAROLINA	8,569,410
TEXAS	189,733,456
WISCONSIN	33,579,149
TOTAL	622,136,611

UNOBLIGATED BALANCES

Mr. PURSELL. Please provide for the record, an analysis of the unobligated balances, by state, of funds by each federal aid program funding category and show the comparison with active apportionments.

[CLERK'S NOTE.—The requested information was provided to the Committee.]

FY 1985 LIMITATION

Mr. PURSELL. Did the states obligate up to the fiscal year 1985 limitation?

[The information follows:]

The total FY 1985 obligation limitation of $13,250,000,000 was obligated as of September 30, 1985.

STATUS OF 1986 OBLIGATION LIMITATION

Mr. PURSELL. Please provide for the record a status report of the fiscal year 1986 obligation limitation by state, showing the total fiscal year 1986 limitation; obligations to date; the unobligated limitation; unobligated funds; total limitations; obligations to date of exempt programs; and total obligations to date.

[The information follows:]

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

STATUS OF FY 1986 OBLIGATION LIMITATION

AS OF FEBRUARY 28, 1986

STATE	TOTAL FY 1986 LIMITATION	OBLIGATIONS OCTOBER 1, 1985 TO DATE AMOUNT	PERCENT	UNOBLIGATED LIMITATION	UNOBLIGATED FUNDS
Alabama	245,005,531.00	202,863,453.17	83	42,142,077.83	169,576,058.66
Alaska	142,624,632.00	19,443,402.59	14	123,181,229.41	188,598,427.60
Arizona	211,938,639.00	141,054,776.67	67	70,883,862.33	184,206,234.98
Arkansas	111,163,690.00	74,523,284.20	67	36,640,405.80	108,315,981.99
California	863,087,359.00	404,650,947.77	47	458,436,411.23	1,232,628,363.19
Colorado	206,443,548.00	57,669,674.15	28	148,773,873.85	260,208,840.43
Connecticut	249,489,493.00	200,940,921.53	81	48,548,571.47	172,763,836.27
Delaware	48,953,419.00	8,828,579.47	18	40,124,839.53	96,599,293.04
Florida	493,833,863.00	231,773,869.00	47	262,059,794.00	539,360,649.96
Georgia	322,131,636.00	322,131,636.00	100	0.00	225,695,841.76
Hawaii	109,429,419.00	2,400,969.43	2	107,028,449.57	247,065,975.72
Idaho	83,415,910.00	34,192,641.77	41	49,223,268.23	97,797,672.75
Illinois	481,378,164.00	235,438,481.71	49	245,939,682.29	394,116,642.06
Indiana	191,474,618.00	82,847,080.53	43	108,627,537.47	226,756,629.07
Iowa	180,616,731.00	93,370,058.88	52	87,246,672.12	184,519,332.14
Kansas	150,191,127.00	97,876,577.93	65	52,314,549.07	173,296,477.66
Kentucky	195,499,655.00	135,823,201.47	69	59,676,453.53	168,192,653.81
Louisiana	305,362,241.00	58,796,051.59	19	246,566,189.41	529,933,197.14
Maine	56,978,600.00	38,040,974.85	67	18,937,625.15	56,223,356.01
Maryland	311,539,747.00	268,079,978.15	86	43,459,768.85	257,058,332.03
Massachusetts	274,252,939.00	82,162,049.52	30	192,090,889.48	489,949,541.92
Michigan	297,506,594.00	148,396,727.42	50	149,109,866.58	276,810,590.94
Minnesota	258,053,477.00	159,175,761.76	62	98,877,715.24	256,769,841.99
Mississippi	122,905,908.00	90,126,877.00	73	32,779,031.00	130,106,399.86
Missouri	250,336,461.38	143,266,205.63	57	107,070,255.75	233,916,583.64
Montana	106,850,439.00	46,736,205.26	44	60,114,233.74	133,361,518.85
Nebraska	105,130,571.00	94,239,498.28	90	10,891,072.72	62,526,468.19
Nevada	73,209,869.00	73,209,869.00	100	0.00	43,160,004.96
New Hampshire	59,632,019.00	20,621,968.65	35	39,010,050.35	97,567,218.46
New Jersey	350,439,932.00	109,082,315.19	31	241,357,616.81	492,152,838.32
New Mexico	104,913,883.00	37,894,743.22	36	67,019,139.78	111,807,261.47
New York	783,331,311.00	355,355,212.30	45	427,976,098.70	677,646,611.65
North Carolina	219,384,036.00	138,879,211.00	63	80,504,825.00	224,016,894.27
North Dakota	73,620,376.00	60,391,830.39	82	13,228,545.61	42,672,035.69
Ohio	360,143,212.00	185,532,026.93	52	174,611,185.07	461,124,488.17
Oklahoma	158,711,989.00	41,568,884.13	26	117,143,104.87	228,337,432.23
Oregon	148,771,583.00	73,967,960.31	50	74,803,622.69	185,445,006.35
Pennsylvania	493,274,749.00	487,735,543.04	99	5,539,205.96	410,308,680.42
Rhode Island	102,575,419.00	14,010,645.91	14	88,564,773.09	150,665,385.49
South Carolina	150,289,359.00	52,054,508.77	35	98,234,850.23	247,317,488.52
South Dakota	80,807,178.00	30,437,828.71	38	50,369,349.29	103,080,016.98
Tennessee	231,650,107.00	137,851,419.00	60	93,798,688.00	222,209,836.15
Texas	637,001,835.00	350,000,327.93	55	287,001,507.07	708,324,374.05
Utah	129,298,768.00	70,408,756.04	54	58,890,011.96	136,771,863.24
Vermont	58,744,000.00	9,351,184.13	16	49,392,815.87	107,453,040.78
Virginia	312,384,153.59	192,235,797.24	62	120,148,356.35	280,617,281.40
Washington	289,707,845.00	108,326,070.61	37	181,381,774.39	367,824,131.42
West Virginia	100,918,736.00	26,837,944.36	27	74,080,791.64	182,462,661.96
Wisconsin	159,611,774.00	123,866,403.82	78	35,745,370.18	135,133,659.99
Wyoming	79,887,431.00	62,670,463.00	78	17,216,968.00	58,479,865.81
Dist. of Col.	65,260,247.00	2,301,265.67	4	62,958,981.33	155,545,199.92
Puerto Rico	57,364,366.00	14,705,994.59	26	42,658,371.41	116,094,648.19
American Samoa	1,234,500.00	333,582.00	27	900,918.00	1,287,429.00
Guam	4,544,500.00	667,043.62	15	3,877,456.38	5,516,956.38
N. Marianas	1,234,500.00	13,500.00	1	1,221,000.00	1,655,485.04
Virgin Islands	4,544,500.00	873,124.24	19	3,671,375.76	5,303,943.74
SUBTOTAL	11,668,086,580.97	6,256,035,309.53	54	5,412,051,279.44	13,056,336,421.71
ADMINISTRATION	203,761,000.00	85,000,000.00	42	118,761,000.00	
DIVISION 15	58,422,842.68	5,183,348.16	9	53,239,494.52	60,317,775.50
DIVISION 16	40,136,413.00	6,937,034.19	17	33,199,378.81	35,784,087.69
DIVISION 17	48,081,222.00	2,641,153.49	5	45,440,068.51	45,440,068.51
RESERVES	731,511,933.35			731,511,933.35	
TOTAL LIMITATIONS	12,750,000,000.00	6,355,796,845.37	50	6,394,203,154.63	13,197,878,353.41
EXEMPT PROGRAMS		287,250,363.15			
TOTAL OBLIGATIONS		6,643,047,208.52			

PROPOSED TAX CHANGES

Mr. **Pursell**. You are proposing to eliminate some of the existing exemptions to the motor fuel tax and other highway-related taxes. What exemptions would you eliminate and how much additional revenue would accrue to the Highway Trust Fund under each?

Mr. **Morgan**. We are proposing to eliminate the gasohol exemption and the bus for hire, or vehicle for hire exemption.

The gasohol exemption amounted to about $400 million in 1986 and we anticipate that it will increase to $600 million in 1990.

The bus exemption will be about $140 million by 1990. I believe that it was about $110 million in 1986.

Mr. **Pursell**. So they are both escalating now?

Mr. **Morgan**. Yes, sir.

IMPACT ON TRANSIT OPERATORS

Mr. **Pursell**. Have you evaluated the potential effects on transit operators of eliminating the exemption from gasoline, diesel and tire taxes?

By how much would elimination of these exemptions increase their operating expenses?

Mr. **Barnhart**. That portion of the program, of course, deals with UMTA and we do not have those figures. We can certainly supply them for you.

NGA PROPOSAL

Mr. **Pursell**. Last month the National Governors' Association considered and narrowly rejected a proposed highway revenue and program turnback proposal. Under this proposal the entire 9-cent federal fuel tax would be eliminated and collected at the state level, and control of most highway programs would be turned back to the states. A remaining core of federal programs would be financed from the remaining special diesel tax and excise fees; i.e., interstate and intrastate substitution; discretionary funding for major bridges; public lands; emergency relief; research and development; and 402 safety grants.

What is your opinion of the NGA highway revenue turnback proposal?

Mr. **Barnhart**. Well, I personally did not favor that and we did not get out on the stump to fight it. The governors wanted to discuss that. It was a staff proposal and they have done so and I think it was constructive to bring out some of the issues. I do think that one of the motivations in that proposal is what has happened in the highway program in recent years. And that is a lack of stability, a lack of predictability.

Getting funds frozen because of the inability to pass an ICE and allow us to distribute that $7.5 billion. I think it is a general frustration but certainly I do not think that that proposal would be in the best interests of the country.

HIGHWAY TRUST FUND BUDGET STATUS

Mr. **Pursell**. Last year, the House rejected an effort put forth by the authorizing committee to take Highway Trust Fund and

Airport and Airway Trust Fund programs off budget. The Administration opposed this provision, as I did. What is your position on taking Highway Trust Fund programs off-budget and what are the reasons for your position on this issue?

Mr. **Barnhart**. For five years, I have felt on a point of principle that the Trust Fund should, of course, be removed from the unified budget. That has not happened and I do not think that that is the major issue. For as long as you have obligation limitations, etc., it is meaningless.

My concern with moving the Trust Fund from the unified budget was that I am afraid that frankly, the Congress is not very disciplined, and I suspect that if it were free-standing there would be a whole batch more of special demonstration projects that would be included that would continue to warp the program and defeat the whole purpose in getting it off the Trust Fund.

I frankly do not feel strongly about getting it off; I am content to leave it where it is.

Although, in principle, I think it is wrong.

UNIFIED BUDGET ACCOUNTING

Mr. **Pursell**. Please expand on your answer for the record.

[The information follows:]

That is my personal opinion. The Administraton position, which I support, is that the Nation continues to need a unified budget, and the Highway Trust Fund programs should be part of it. Annual receipts and disbursements from the Trust Fund figure in the Federal budget deficit just as surely as receipts and disbursements from the General Fund.

STATUS OF STUDIES IN HOUSE REPORT 99-256

Mr. **Pursell**. In House Report 99-256, the Committee directed you to perform four studies—one involving a highway in New Mexico and three involving highways in Virginia.

What is the status of each, including the estimated completion date and reasons for any slippage beyond the requested completion dates?

[The information follows:]

Special Feasibility Studies

Los Alamos/Santa Fe Highway—Phase A (public involvement and agency coordination) was completed in August 1985. Phase B (development of impact assessment data) is now concluding. Phase C represents that work specified in the Appropriations Act. It includes the development of location and environmental documentation for the reasonable alternatives and preparation of an environmental impact statement. The work on this phase will begin very shortly. Because of the complexities involved, the normal environmental impact statement process of about 2 years may prove to be longer in this case.

Theodore Roosevelt Bridge on I-66/Rochambeau Bridge on I-395—Final reports were completed by the Office of Traffic Operations on March 26, 1986, and forwarded to the Office of Fiscal Services for preparation of transmittal to Congress. The March 31, 1986, deadline is expected to be met.

Outer Beltway in Virginia—Congress recently approved the Federal Highway Administration's request for a 2-month extension of the original March 31 due date. The Federal Highway Administration requested the extension to allow the study to reflect results of a Washington Council of Governments traffic analysis of alternative beltway locations. The Washington Council of Governments is analyzing 10 alternatives and plans to complete its report by mid-April. We expect to submit the Outer Beltway Study to Congress by the May 31 deadline.

LOS ALAMOS TO SANTA FE STUDY

Mr. LEHMAN. Mr. Pursell, thank you very much.

On the New Mexico study which deals with the road from Los Alamos to Santa Fe, I drove that this summer and I was quite concerned about the need to do something about that road, especially because the trucks on that road carry on some occasions some nuclear materials. It remains a hazardous type of highway.

I just wonder what the status of that study is and what you think might be happening in the near future?

Mr. MORGAN. That study, Mr. Chairman, is a three-phased study. The second phase or phase B is nearing completion. Phase C is the part of the study that is contained in the appropriation act and that will be underway as soon as the second phase is completed.

In other words, the entire effort is progressing very well.

Mr. LEHMAN. We will stop now if it is all right with you folks and come back at 1:30 p.m.

Mr. MORGAN. Fine.

AFTERNOON SESSION

CENTRAL ILLINOIS EXPRESSWAY BRIDGE

Mr. DURBIN [presiding]. Good afternoon. I think my punctuality this afternoon is being rewarded by authority here. I would like to start. I know Chairman Lehman is coming soon. My colleague, Mr. Pursell, is also here.

I would first like to commend the Federal Highway Administration for their efforts in my area, downstate Illinois, particularly on the Central Illinois Expressway Bridge. This has been a long-term project. We hope, within a few days, to have a decision from the Federal court to finally authorize the construction of a very controversial bridge.

I would say at the outset, that the Federal Highway Administration has been very cooperative from the beginning. I want to personally commend you for your patience in this effort. We hope to get that moving soon.

Mr. BARNHART. We thank you.

INTERSTATE TRANSFER PROPOSAL

Mr. DURBIN. The other thing I am concerned about—and I have to be candid with you—this reflects a parochial interest, is the proposed reduction in interstate transfer grants.

Illinois would be a substantial loser under the Administration's proposal. It seems inconsistent to say we are going to provide more flexibility at the local level and then suggest that there will be drastic cutbacks to local authorities, when it comes to those grants.

How do you reconcile those two facts?

Mr. BARNHART. Well, again, this is based upon difficult choices and we have arrived at that choice because we had to reduce somewhere and it seemed the most equitable.

And the fact that those entitlements are there due to a withdrawal of a facility that was not necessarily considered to be essential in its priorities, would, I think, mean that other program things probably were more essential; but you could rationalize, I am sure, in many different directions.

When you look at the total numbers, then I think that justifies what we have done and why. .

Mr. **Durbin**. I can understand that, but it is very difficult for me to explain it to local officials——

Mr. **Barnhart**. No, I understand that.

Mr. **Durbin** [continuing]. Who viewed this as something like a promissory note, where in fact they were cashing in projects based on a Federal commitment to give the money back, as needed. Now they find it difficult to get it back.

Mr. **Barnhart**. Yes, and this delays it, and it will delay it for a substantial number of years. Although that financial commitment remains, but certainly, you are not going to reach it in as timely a way.

Mr. **Durbin**. This tends to penalize States that took advantage of this and made some tough decisions to abandon certain projects. That is particularly painful.

Mr. **Robertson**. Mr. Barnhart, if you will permit: One point, Mr. Chairman, is that one of the reasons we did take as deep a cut there—you will note that in our combined primary, Interstate 4R and interstate construction, we took a deep cut in the interstate construction as well.

And when we took that deep a cut in interstate construction, and in effect saying that might well take a lot longer, we also looked at the substitute project since it came from the same area, and we said we felt they should both suffer equally, if you will.

That was one of the rationales.

Mr. **Durbin**. So you believe there is some justice in your administration of pain. I thank you, and I would like to turn this back over to our able Chairman.

UMTA TRANSFER FUNDS

Mr. **Lehman**. Thank you, Mr. Durbin. I believe you are having some difficulty with Mr. Stanley regarding the required release of funds by the Transportation Appropriations Act for fiscal year 1986 to the Federal Highway Administration for the following accounts: (1) the Airport-Highway Demonstration Project; (2) the Rail-Line Consolidation Project; and (3) Access Highways to Public Recreation Areas on Certain Lakes.

Has Mr. Stanley released these funds, and if so, has there been any action on these particular projects?

Mr. **Barnhart**. Yes, he has released those funds. He has had some difficulties in trying to arrange his program because it did inflict some damage on him.

However, we have made that transaction; it is in process, so those projects will, as the committee has directed, be processed very shortly.

BELLE VERNON BYPASS

Mr. LEHMAN. Have you approved the transfer of interstate construction funds for the 6.4-mile open-to-traffic interstate segment in the vicinity of Belle Vernon, Pennsylvania to the Interstate 4R category, as required by section 327?

Mr. MORGAN. Yes, Mr. Lehman, we have.

NY INTERSTATE PROGRAM

Mr. LEHMAN. The fiscal year 1986 Appropriations Act permits New York State for fiscal year 1986 only to use its interstate construction funds on both interstate projects and interstate substitute highway projects.

How much has New York obligated on highway substitute projects so far this year, and on what projects?

Have they resolved their controvery over how the interstate substitution money will be used?

[The information follows:]

Through the end of February, New York State had obligated about $13.6 milion on Interstate substitute highway projects this fiscal year. About $4.9 million was obligated on an extensive list of previously authorized work to make adjustments to the amounts obligated earlier. Funds for three minor new projects were obligated in the Albany area, totaling about $0.6 million. The remaining $8.1 million of fiscal year 1986 obligations were for five new preliminary engineering and right-of-way acquisition projects for a Westside Highway project in New York City in the vicinity of the withdrawn Interstate segment (the Westway, I-478). No Interstate construction funds have been obligated on New York City substitute highway projects but we do expect some of these obligations to occur within a month or so. We are not aware of any major controversy over how the Interstate substitution funds will be used. Our field offices are working with the State and city to implement projects selected from the approved concept program.

EFFECT OF WESTWAY WITHDRAWAL

Mr. LEHMAN. Assuming fiscal year 1987 interstate substitute highway and transit program levels at the same level as the current fiscal year, what is the estimated effect of the Westway withdrawal on the other eligible States with respect to decreased apportionments each would receive?

[The information follows:]

Substitute highway apportionments to other areas would be reduced by about $150 million; nearly a 30 percent reduction from the Fiscal Year 1986 apportionment. Substitute transit apportionments would be reduced by about $35 million, over a 30 percent reduction from the Fiscal Year 1986 apportionment.

LONGER COMBINATION VEHICLES STUDY

Mr. LEHMAN. The Senate (Senate Report 99-152) has directed you to reexamine the issue of longer combination vehicles (LCV's) in those Western States where operating experience exists.

The study was due on March 1. What is the status of that study and when will it be completed?

Mr. MORGAN. We have requested an extension, by letter to you, dated February 14th. We anticipate completion, I believe, May 31st.

Mr. LEHMAN. Is there any new data emerging from this study that would lend support to establishment of a Western regional

LCV network, or to changes in the current Western States' permit systems for LCV use?

Mr. **Barnhart**. I am not aware, at this time, of what the findings of this study will be, Mr. Chairman.

GASOHOL EXEMPTIONS

Mr. **Durbin**. Mr. Chairman, I have one question I failed to ask earlier, and I would appreciate a comment. Is the administration proposing the elimination of the exemptions for gasohol, methanol, and ethanol?

Mr. **Barnhart**. Yes, sir.

Mr. **Durbin**. I understand you estimate that the revenue which we would gain by the elimination of that exemption would be somewhere in the neighborhood of $506 million.

Mr. **Barnhart**. Yes. It will be substantially more than $500 million in a few years, counting the State exemptions and the Federal. It approaches up to a billion dollars in the next few years.

Mr. **Durbin**. I disagree with your position from two points of view. I would not quarrel with the fact that there will be some immediate revenue available to the Federal Treasury.

First, I think we are all well aware of the farm situation in America, and how desperate it is for many producers.

The ethanol program is estimated to contribute at least 10 cents a bushel to the price of corn in America. If the ethanol program is endangered by the elimination of this exemption, as I believe it would be, it is going to have a serious negative impact on farm income in America at a particularly difficult time. This proposal will result in additional losses to American farmers.

Also, with the decline in the price of corn by 10 cents a bushel, there will be a greater demand for Federal outlays in our agricultural programs.

As a result, I would suggest that there will be no net savings to the Federal government, and quite a bit of pain suffered in the process.

Mr. **Barnhart**. I met with the Ohio Farm Bureau folks, about 175 strong here, a short while ago; a very interesting and constructive dialogue. I tried to make clear, that we believe we have a stewardship responsibility for the Highway Trust Fund.

By exempting gasohol users from paying their equitable share of the costs, you are requiring other purchasers of gasoline to subsidize that operation.

We feel that is totally inappropriate. If it is in the national interest to develop that alternate fuel, then my position would be that it should be a tax credit coming out of the General Fund, and not requiring a small, select group of taxpayers to subsidize that industry.

The fact is that it is being handled in a sub rosa way, where people do not realize what is happening because the trust fund is easy to attack.

But the users of gasohol use up the highways just like any other vehicle users, so that principle contradicts what our Highway Trust Fund is based upon, and that is a user-funded operation.

ETHANOL INDUSTRY

Mr. **Durbin**. Let me suggest a little different approach. If we follow through, as I am sure we will, the proposal to eliminate lead in gasoline, and we are looking for an octane additive, then what we have done through the Trust Fund over the years in supporting the ethanol industry, is going to turn out to be a pretty good investment. We will find the domestic ethanol industry ready to step in, using our corn and farm products to produce the ethanol, to take the place of lead in gasoline; an environmentally safe approach, and one that will provide, I think, an easy transition.

So it is not as if the motorists, in the long-haul, are going to lose. I think they are going to win. The investment they have made in the industry will come back handsomely because there will not be an interruption in the products available to them. To add a point that has already been made, environmentally, we will be the winners in this process.

Mr. **Barnhart**. Well, obviously, I cannot get into a debate with you. We have a very strong difference of opinion on this.

And frankly, we would not build the bridge if we did not have highway funds, and who will support the highway system? That is really what it gets down to.

As I say, if they want to work out a tax credit, and get that out of there, I will certainly back off on that issue; but I think we have a responsibility to point out any inequities in taxation regarding income to the Trust Fund. It is that simple.

Mr. **Durbin**. Thank you very much. Thank you, Mr. Chairman.

BRIDGE INSPECTIONS

Mr. **Lehman**. Last year, Mr. Lamm indicated that with respect to the national bridge inspection program, you were concentrating on two areas—the biennial bridge inspection requirement and bridge load posting.

I assume your attention to these areas reflect the recommendations coming out of the results of your 1984 bridge program management review.

I believe you have required the States to file plans to address the load posting and biennial inspection requirement.

How many States have filed plans to address the load posting and biennial inspection requirements, and what is the time frame for completion of their planned actions?

Mr. **Morgan**. Mr. Chairman, all States have filed plans to come into compliance. The time frames vary. Some of them have already passed and they are in full compliance. Others are ongoing into this calendar year.

Mr. **Lehman**. What is the status of corrective actions taken by the States to post all bridges requiring posting and to comply with the biennial bridge inspection requirement?

[The information follows:]

Most FHWA offices have undertaken an aggressive posture to bring about satisfactory plans for full National Bridge Inspection Standards compliance. The majority of the States now have acceptable plans that should lead to full compliance before the end of FY 86.

Plans to bring about compliance are under review in the few remaining States.

LOAD POSTING COMPLIANCE

Mr. LEHMAN. How many States are now in compliance with the load posting requirements?

[The information follows:]

Very few States are in full compliance with the load posting requirements. However, most States are in substantial compliance with a plan developed that should bring about full compliance in the near future.

The majority of load posting problems are with local jurisdictions. Temporary withholding of Federal-aid project approval has been made in 6 States and the withholding of project approval may be necessary in 3 to 5 other States.

FUNDS FOR CONSULTANT INSPECTORS

Mr. LEHMAN. How much of the highway bridge replacement and rehabilitation funds have been used for consultant inspections to bring the States into compliance with the biennial inspection requirement?

[The information follows:]

The following is a region by region report on Highway Bridge Replacement and Rehabilitation funds used for consultant inspections to bring (or keep) the States in compliance with the biennial inspection requirements:

FY 1985-1986

	Millions
Region 1	$17.9
Region 3	13.5
Region 4	3.3
Region 5	1.1
Region 6	3.4
Region 7	1.0
Region 8	1.9
Region 9	.1
Region 10	.2
Total	42.4

BRIDGE FUNDS AND LOCAL POSTINGS

Mr. LEHMAN. Has any State or local jurisdiction's funding been affected due to its insufficient response to the measures requested by your executive director to improve compliance with the posting and inspection requirements?

Mr. MORGAN. There has been no State where funds have been fully withheld, but there have been funds withheld or project approvals withheld in local jurisdictions in about six States.

Mr. LEHMAN. Have you evaluated alternatives to the present biennial inspection requirements which consider the bridge's age, design, and potential for problems in determining the frequency of inspection?

[The information follows:]

in 1983, the FHWA published a Notice of Proposed Rulemaking in the Federal Register on revising the National Bridge Inspection Standards. This proposed revision would have permitted States to increase the maximum time between inspections for certain types or groups of bridges. After a careful review of the comments received and the information available in the National Bridge Inventory, the FHWA determined that the proposed inspection interval increase was not in the best interest of public safety. Therefore, the Notice of Proposed Rulemaking was withdrawn. The current National Bridge Inspection Standards are now under review to see if any changes are appropriate. The frequency of inspection will be considered in the evaluation of the Standards.

BRIDGE UNIT COST INFORMATION

Mr. LEHMAN. Since the apportionment formula requires cost data determined by the Secretary, what measures have you taken to assure that the unit cost information by category used in your apportionment computations is accurate and complete?

[The information follows:]

Because the unit cost data is an important part of the bridge apportionment formula, the Federal Highway Administration's annual request for State unit cost data is very specific in what items are to be included and how to compute the average unit costs. The Federal Highway Administration field offices review the data and provide recommendations for its use. Further evaluation of the unit costs submitted is done by the Washington Headquarters and any inconsistencies are discussed with the field offices.

BRIDGES AND TRAFFIC CONTROL DEVICES

Mr. LEHMAN. How many bridges with higher sufficiency ratings could be removed from the deficient category if the highway bridge replacement and rehabilitation program eligibility requirements were changed to require installation of traffic control devices instead of rehabilitation?

What actions are you taking with respect to this situation?

[The information follows:]

The number of bridges that could be removed from the deficient category with installation of traffice control devices instead of rehabilitation cannot be determined with available data. Each site must be evaluated individually to see if traffic control devices are appropriate and will enhance safety.

The Federal Highway Administration is reviewing the deficit bridge definition and the sufficiency eligibility criteria to determine what changes, if any, should be made in the bridge program eligibility limits.

UNDERWATER STRUCTURAL ELEMENTS

Mr. LEHMAN. Following the collapse of a bridge in Alabama in April 1985 resulting from underwater corrosion of exposed steel bridge piles, the National Transportation Safety Board recommended that you: (1) require the States to inspect underwater structural elements on all applicable bridges that have not had such an inspection within the last five years; (2) revise the structure inventory and appraisal sheet to include an entry for inspection of underwater structural elements; and (3) conduct research to establish appropriate inspection cycles for underwater structural elements of bridges.

What is the implementation status of the recommendations made by the NTSB?

Mr. LEATHERS. Mr. Chairman, of the three questions you asked, the first one is require the States to inspect underwater structural elements. All States have been advised, and it is being implemented in all States at the present time.

The second part of it was to revise our structure inventory and appraisal sheet. The development of that is underway and will be taken care of within this calendar year.

The Transportation Research Board is considering, at our request, additional research in this area.

INSPECTIONS OF SUBSTRUCTURAL ELEMENTS

Mr. LEHMAN. Have you contacted the 50 States and the District of Columbia concerning the underwater inspection of all bridge substructural elements?

[The information follows:]

All States have been contacted concerning the underwater inspection of all bridge substructure elements.

STATE REPLY

Mr. LEHMAN. Have you received any State responses concerning this problem?

[The information follows:]

The initial Federal Highway Administration underwater inspection survey identified 30 States with a list of bridges that need underwater inspection. A written criteria specifying when underwater inspection is necessary is used by 22 States. Divers are used in 30 States with the inspection interval varying from 2 years to an as needed basis.

ZILWAUKEE BRIDGE

Mr. LEHMAN. It has been reported that the structural integrity of the Zilwaukee Bridge has come under question and the engineers responsible for its construction have not properly documented its soundness since its collapse three years ago.

What is your assessment of this situation?

Is there sufficient reason to question the structural integrity and safety of the Zilwaukee Bridge?

Mr. MORGAN. Both the State and its consultant have assured us of the structural integrity of the bridge, and we have no reason to question it.

Mr. LEHMAN. Mr. Pursell, do you have any questions?

Mr. PURSELL. Is that in writing?

Mr. MORGAN. It is in writing.

CONSULTANTS REPORT ON ZILWAUKEE BRIDGE

Mr. PURSELL. I wonder if you would supply that to the committee.

Mr. Morgan. Yes, sir.

[CLERK'S NOTE.—The requested information was provided to the Committee.]

BID RIGGING

Mr. LEHMAN. On March 4, Mr. Genovese, Acting Deputy Inspector General, testified before this committee. He reaffirmed the fact that bid rigging is continuing and said that they "even have some indications that it is reoccurring in three or four States."

The fact that bid rigging is reoccurring in spite of your education and awareness efforts is of some concern. Would you please give us an update on your efforts to monitor, detect and prevent bid rigging.

Mr. LEATHERS. We are not actually sure, Mr. Chairman. There might be indication of it reoccurring in three or four States. We have no actual evidence of it yet, of recurrence. Bid rigging is still an issue and prevalent in a lot of areas of the United States.

We have a computer program. We continually assist the States in identifying where these areas might be. Our inspector general's office works with them very closely, and, we have taken, I think, a very active role in identifying—the States and us—in identifying, and to the maximum extent, punishment for the bid riggers.

Mr. **LEHMAN**. You seem to be saying it is occurring but not reoccurring.

Mr. **LEATHERS**. That is our feeling right now sir.

DETERRING BID RIGGING

Mr. **LEHMAN**. How effective have your education and awareness efforts been in deterring and checking the reoccurrence of bid rigging? If it is not reoccurring, I guess it has done pretty well.

Mr. **LEATHERS**. I think very well.

Mr. **MORGAN**. Mr. Chairman, I guess, to be candid, we are not sure if it is reoccurring or not. We are aware that there are still active bid rigging investigations in probably half the States, by either the FBI, or our inspector general.

And I think the penalties in most States were quite stiff, the fines quite stiff, some prison sentences, and if it is reoccurring, I am not sure stiffening the penalties would make much difference, but that is purely speculative.

Mr. **LEHMAN**. That refers to occurrences as well as reoccurrences?

Mr. **MORGAN**. Yes, sir.

BID-PRICE INDEX

Mr. **LEHMAN**. Provide for the record an update of the table on pages 1079 and 1080 of last year's hearing record that shows bid price indices in 1984 and 1985, and the percent change.

[The information follows:]

ANNUAL PRICE TRENDS FOR FEDERAL-AID HIGHWAY CONSTRUCTION - 1977 BASE

Region	State	1984 Composite Index	1985 Composite Index	Percent Change	States Where Active Bid Rigging Investigations occurred in 1985-86
1	Connecticut	147.5	170.2	+15.4	*
	Maine	173.9	201.1	+15.6	
	Massachusetts	174.9	178.1	+ 1.8	
	New Hampshire	166.0	174.7	+ 5.2	
	New Jersey	145.4	167.3	+15.1	*
	New York	240.2	225.4	- 6.2	*
	Rhode Island	217.8	187.2	-14.0	*
	Vermont	147.1	232.1	+57.8	
	Puerto Rico	130.8	132.8	+ 1.5	*
3	Delaware	185.7	257.7	+38.8	
	District of Columbia	119.5	174.7	+46.2	
	Maryland	154.9	181.5	+17.2	
	Pennsylvania	146.2	189.6	+29.7	*
	Virginia	126.7	147.5	+16.4	
	West Virginia	96.2	120.9	+25.7	*
4	Alabama	154.7	177.9	+15.0	
	Florida	155.6	163.2	+ 4.9	
	Georgia	211.7	252.1	+19.1	
	Kentucky	147.5	171.2	+16.1	
	Mississippi	140.6	173.8	+23.6	*
	North Carolina	148.8	180.0	+21.0	*
	South Carolina	181.5	196.3	+ 8.2	
	Tennessee	124.2	144.6	+16.4	
5	Illinois	143.2	159.7	+11.5	*
	Indiana	186.4	186.6	+ 0.1	
	Michigan	128.4	153.7	+19.7	*
	Minnesota	156.4	152.3	- 2.6	*
	Ohio	180.2	177.5	- 1.5	*
	Wisconsin	161.2	168.5	+ 4.5	*
6	Arkansas	149.8	156.3	+ 4.3	
	Louisiana	131.2	133.7	+ 1.9	*
	New Mexico	181.9	180.9	- 0.5	*
	Oklahoma	150.5	159.2	+ 5.8	*
	Texas	127.4	134.8	+ 5.8	*
7	Iowa	182.1	170.7	- 6.2	*
	Kansas	170.2	196.3	+15.3	
	Missouri	167.8	180.8	+ 7.7	*
	Nebraska	151.9	149.9	- 1.3	

8	Colorado	198.0	191.0	- 3.5	
	Montana	213.0	194.7	- 8.6	*
	North Dakota	158.7	167.1	+ 5.3	*
	South Dakota	167.0	184.7	+10.6	
	Utah	166.8	163.7	- 1.9	*
	Wyoming	169.9	183.6	+ 8.1	*
9	Arizona	190.9	210.3	+10.2	*
	California	189.9	182.6	- 3.8	*
	Hawaii	177.7	226.8	+27.6	
	Nevada	187.9	178.7	- 4.9	
10	Alaska	163.1	122.9	-24.6	
	Idaho	163.3	156.4	- 4.2	*
	Oregon	181.4	201.0	+10.8	*
	Washington	149.5	166.8	+11.6	*
	United States	155.0	172.1	+11.0	

Indices are based on information submitted for Federal-aid construction contracts over $500,000. In some instances, individual State indices may not be truly representative of long-term price trends because of comparatively low volumes of work for the period reported, or because of unusual projects during the period. Also, differences in bid item specifications among the States might account for some of the differences in reported unit prices used to make up the index.

The base for each State index is its own particular "market basket" of quantities and costs during the based period. The composite index for each State measures the change in that State's index since base year 1977. (In 1977, each State's index equaled 100).

*The Justice Department and State prosecuting authorities have 640 indictments on bid rigging cases since 1979.

DEBARRED CONSTRUCTION FIRMS

Mr. LEHMAN. For the record, please update the list on pages 1081 through 1091 of last year's hearing record that gives a State-by-State list of debarred firm and the length of debarment for each.

[The information follows:]

The number of debarment and suspension actions under 49 C.F.R. Part 19 as of March 3, 1986 were as follows:

Debarments: Companies—13; Individuals—18.

Suspension: Companies—9; Individuals—14.

There also remain 3 companies and 4 individuals on the list of those found unacceptable under the prior regulations, 23 C.F.R. Part 16.

A copy of a computer listing of current suspension and debarments is also included. It shows the State of each company or individual, the date of imposition of each suspension pending debarment, and the beginning and ending date of each debarment. This summary listing is updated as actions occur and is sent to all Federal Highway Administration field offices during the first week of every month.

THE FOLLOWING IS A LISTING OF COMPANIES AND INDIVIDUALS THAT HAVE BEEN DETERMINED TO BE UNACCEPTABLE FOR EMPLOYMENT ON FUTURE FEDERAL-AID PROJECTS. THIS LISTING IS BEING TRANSMITTED TO EACH OF THE REGIONAL AND DIVISION OFFICES VIA THE ELECTRONIC MAIL ONTYME II SYSTEM AND REPLACES THE MONTHLY SUMMARY OF UNACCEPTABILITY ACTIONS THAT WAS PREVIOUSLY DEVELOPED AND DISTRIBUTED BY THE OFFICE OF THE CHIEF COUNSEL. AN UPDATE OF THIS LISTING WILL BE TRANSMITTED VIA ONTYME II TO EACH OF THE REGIONAL AND DIVISION OFFICES ON THE FIRST WORKING DAY OF EACH MONTH.

ANY QUESTIONS OR COMMENTS CONCERNING THIS LISTING SHOULD BE DIRECTED TO THE CONSTRUCTION AND MAINTENANCE DIVISION. HHO-30. 426-0355. OR THE OFFICE OF THE CHIEF COUNSEL. HCC-50. 426-0780.

FEDERAL HIGHWAY ADMINISTRATION--WASHINGTON. D.C.
OFFICE OF THE ASSOCIATE ADMINISTRATOR
FOR ENGINEERING AND PROGRAM DEVELOPMENT

SUMMARY OF UNACCEPTABILITY ACTIONS
MARCH 3. 1986

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****   NOTE   ***   NOTE   ***   NOTE   ***   NOTE   ***   NOTE   ****
*                                                                     *
*  THIS SUMMARY IS NOT ITSELF A LEGAL ACTION OF FHWA.  IT MERELY      *
*  REPORTS ACTIONS TAKEN BY THE ADMINISTRATION BY LETTER TO THE       *
*  NAMED RESPONDENTS.  FOR ADDITIONAL INFORMATION . PLEASE CONTACT    *
*  THE CONSTRUCTION AND MAINTENANCE DIVISION. HHO-30. 426-0355        *
*  OR THE OFFICE OF THE CHIEF COUNSEL. HCC-50. 426-0780.              *
*                                                                     *
****   NOTE   ***   NOTE   ***   NOTE   ***   NOTE   ***   NOTE   ****
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CURRENT DEBARMENTS

IN ACCORDANCE WITH 49 CFR PART 29. THE FHWA HAS DEBARRED THE FOLLOWING COMPANIES AND INDIVIDUALS FROM PARTICIPATION IN ANY CAPACITY IN DOT FINANCIAL ASSISTANCE PROGRAMS FOR THE TIME PERIOD INDICATED. EXCEPTIONS WILL BE ONLY AS STATED IN WRITING BY THE APPROPRIATE OFFICIAL OF ANY DOT OPERATING ADMINISTRATION.

COMPANY: ADDRESS:	TYPE OF BUSINESS	FROM	TO
DAVE GUSTAFSON AND CO.. INC. 4300 S. LOUISE AVENUE SIOUX FALLS. SD 57106	HWY CONST	4-5-85	4-4-86
DOSCH-KING COMPANY. INC. 16 TROY HILLS ROAD BOX 266 WHIPPANY. NJ 07981	HWY CONST	9-6-85	9-5-87
FRASCON. INC. 101 NORTHEAST 20TH STREET P.O. BOX 2036 LAWTON. OK 73502	HWY CONST	2-19-85	8-18-87
GARDEN STATE ROAD MATERIALS. INC. 311 W. MAIN STREET P.O. BOX 246 ROCKAWAY. NJ 07866	HWY CONST	9-6-85	9-5-87
GLOVER CONST. COMPANY. INC. P.O. BOX 878 POTEAU. OK 74953	HWY CONST	2-19-85	5-1-86
LIZZA INDUSTRIES 15 REMSEN AVENUE ROSLYN. NY 11576	HWY CONST	12-4-85	12-3-88
MCLAUGHLIN AND SCHULZ. INC. P.O. BOX 201 MARSHALL. MN 56258	HWY CONST	7-11-85	7-10-86

SHAWNEE PAVING COMPANY BOX 1801 SHAWNEE. OK 74801	HWY CONST	8-2-85	12-17-86
SOMERSET TAR AND ASPHALT CO.. INC. 44 DE FOREST AVENUE EAST HANOVER. NJ 07936	HWY CONST	9-6-85	9-5-87
SUMMIT. INC. BOX 1716. DEADWOOD AVENUE RAPID CITY. SD 57709	HWY CONST	4-16-85	4-15-86
TRAFFIC SAFETY ENGINEERS. INC. 3100 MARYWOOD DRIVE ORANGE. CA 92667	ENGINEERING CONSULTANT	4-24-85	4-23-86
ULLAND BROTHERS. INC. P.O. BOX 340 CLOQUET. MN 55720	HWY CONST	9-17-85	5-21-86
WASHITA CONSTRUCTION COMPANY P.O. BOX 218 ARDMORE. OK 73401	HWY CONST	2-19-85	2-18-88

INDIVIDUAL: ADDRESS:	TYPE OF BUSINESS	FROM	TO
ALBERTINI. LEONARD STEPHEN PRESIDENT ALBERTINI CONCRETE AND PAVING. INC. ROUTE 2. BOX 359 JELLICO. TN 37762	HWY CONST	11-9-85	11-9-88
ANTHONY. BILLY RAY P.O. BOX 218 ARDMORE. OK 73401	HWY CONST	2-19-85	2-18-88
BURKETT. JR.. ZACK C/O ZACK BURKETT CO. P.O. BOX 40 GRAHAM. TX 76046	HWY CONST	1-28-85	3-21-86
DOUGHERTY. WILLIAM G. GARDEN STATE ROAD MATERIALS. INC. 311 W. MAIN STREET P.O. BOX 246 ROCKAWAY. NJ 07866	HWY CONST	9-6-85	9-5-87
EMME. OWEN C/O SUMMIT. INC. BOX 1716. DEADWOOD AVENUE RAPID CITY. SD 57709	HWY CONST	4-16-85	4-15-86

GLOVER. GEORGE PAUL C/O GLOVER CONSTRUCTION CO.. INC. P.O. BOX 878 POTEAU. OK 74953	HWY CONST	9-24-85	5-1-86
HOCHREITER. HERBERT PRESIDENT. LIZZA INDUSTRIES 15 REMSEN AVENUE ROSLYN. NY 11576	HWY CONST	12-4-85	12-3-88
HURST. DON W. C/O SHAWNEE PAVING COMPANY BOX 1801 SHAWNEE. OK 74801	HWY CONST	8-2-85	12-17-86
KELLAR. EDWARD D. DOSCH-KING COMPANY. INC. 16 TROY HILLS ROAD BOX 266 WHIPPANY. NJ 07981	HWY CONST	9-6-85	9-5-87
KING. JAMES P. DOSCH-KING COMPANY. INC. 16 TROY HILLS ROAD BOX 266 WHIPPANY. NJ 07981	HWY CONST	9-6-85	9-5-87
LAI. C. HUI TRAFFIC SAFETY ENGINEERS. INC. 3100 MARYWOOD DRIVE ORANGE. CA 92667	ENGINEERING CONSULTANT	4-24-85	4-23-86
ODLAND. KENNETH G. C/O MCLAUGHLIN AND SCHULZ. INC. 705 W. 7TH STREET MARSHALL. MN 56258	HWY CONST	12-23-85	7-10-86
PETERSON. ROGER A. P.O. BOX 340 CLOQUET. MN 55720	HWY CONST	9-17-85	5-21-86
SCHOEBERLEIN. DONALD L. C/O WEAVER CONSTRUCTION CO.. INC. BOX 550 IOWA FALLS. IA 50126	HWY CONST	8-15-85	8-14-88
SPITLER. RUSSELL E. 280 LAKEVIEW COURT WASHINGTON. PA 13501	HWY CONST	11-15-85	11-15-88
TAYLOR. BAXTER H. C/O ASHEVILLE CONTRACTING CO. 15 EAST FOREST ROAD ASHEVILLE. NC 28803	HWY CONST	7-11-84	7-10-87

TOZZI, EDWARD R. HWY CONST 9-6-85 9-5-87
SOMERSET TAR AND ASPHALT CO., INC.
44 DE FOREST AVENUE
EAST HANOVER, NJ 07936

ULLAND, ROBERT D. HWY CONST 9-17-85 5-21-86
P.O. BOX 340
CLOQUET, MN 55720

CURRENT SUSPENSIONS

IN ACCORDANCE WITH 49 CFR PART 29. THE FHWA HAS SUSPENDED THE FOLLOWING COMPANIES AND INDIVIDUALS FROM PARTICIPATION IN ANY CAPACITY IN DOT FINANCIAL ASSISTANCE PROGRAMS PENDING THE COMPLETION OF AN INVESTIGATION OR ADMINISTRATIVE OR JUDICIAL PROCEEDING.

COMPANY: ADDRESS:	TYPE OF BUSINESS	DATE OF SUSPENSION
EMULSION MARKETING. INC. P.O. BOX 202 HAINESPORT. NJ 08036	HWY CONST	9-6-85
GILVIN-TERRIL. INC. P.O. BOX 9027 AMARILLO. TX 79105	HWY CONST	9-6-85
KOMATZ CONSTRUCTION CO.. INC. P.O. BOX 488 ST. PETER. MN 56082	HWY CONST	1-29-86
IVAN DEMENT. INC. 1800 SOUTH HUGHES STREET AMARILLO. TX 79105	HWY CONST	9-6-85
MOTHERAL CONTRACTORS. INC. P.O. BOX 1086 MISSION. TX 78572	HWY CONST	12-26-85
PENN JERSEY PAVING MATLS. INC. JACOBY CREEK ROAD BOX 207 MT BETHEL. PA 18343	HWY CONST	9-6-85
S&S CONSTRUCTION BOX 399 2515 - 12TH AVENUE SOUTH MOORHEAD. MN 56560	HWY CONST	1-17-86
TRANS EASTERN INSPECTION. INC. 1726 NORTHWEST AVENIDA DEL SOL BOCA RATON. FL 33432	CONSTRUCTION INSPECTION	1-6-86
WILLIAM COLLINS. INC. BOX 2028 27TH STREET AND 5TH AVENUE. SOUTH FARGO. ND 58107	HWY CONST	1-17-86

INDIVIDUAL: ADDRESS:	TYPE OF BUSINESS	DATE OF SUSPENSION
BAKER. JOHN D. 6805 SHELLEY COURT INDIANAPOLIS. IN 46219	HWY CONST	1-27-86
BLACKMAN. ROBERT EMULSION MARKETING. INC. P.O. BOX 202 HAINESPORT. NJ 08036	HWY CONST	9-6-85
DEMENT. IVAN IVAN DEMENT. INC. 1800 SOUTH HUGHES STREET AMARILLO. TX 79105	HWY CONST	9-6-85
GILVIN. L.P. GILVIN-TERRIL. INC. P.O. BOX 9027 AMARILLO. TX 79105	HWY CONST	9-6-85
HANSEN. LEONARD A. C/O KOMATZ CONST. CO.. INC. P.O. BOX 488 ST. PETER. MN 56082	HWY CONST	1-29-86
HUMMER. RICHARD L. PENN JERSEY PAVING MATERIALS. INC. JACOBY CREEK ROAD BOX 207 MT. BETHEL. PA 18343	HWY CONST	9-6-85
KOMATZ. TOM P. C/O KOMATZ CONST. CO.. INC. P.O. BOX 488 ST. PETER. MN 56082	HWY CONST	1-29-86
LANSDELL III. ROBERT C/O LANSDELL COMPANY 95 ZABRISKIE STREET HACKENSACK. NJ 07602	HWY CONST	9-6-85
MOTHERAL. PAUL HASKELL C/O MOTHERAL CONTRACTORS. INC. P.O. BOX 1086 MISSION. TX 78572	HWY CONST	12-26-85

PHILPOT. GERALD O. 1909 WOODLAND DRIVE ADA. OK 74820	HWY CONST	2-11-85
SHEPHERD. LYNN C/O TRANS EASTERN INSPECTION. INC. 1726 NORTHWEST AVENIDA DEL SOL BOCA RATON. FL 33432	CONSTRUCTION INSPECTION	1-6-86
SHUMAKER. WILLIAM F. 5124 GREEN BRAES DRIVE INDIANAPOLIS. IN 46234	HWY CONST	1-27-86
ST. CLAIR. JAMES E. 1465 EDGAR COURT PLAINFIELD. IN 47568	HWY CONST	1-27-86
VAIL. CARL W. RURAL ROUTE 1 MCCORDSVILLE. IN 46055	HWY CONST	1-27-86

CURRENT UNACCEPTABILITY ACTIONS

THE FOLLOWING UNACCEPTABILITY ACTIONS TAKEN UNDER 23 CFR PART 16 REMAIN IN EFFECT. THE COMPANIES AND INDIVIDUALS LISTED ARE UNACCEPTABLE FOR EMPLOYMENT ON ANY FUTURE FEDERAL-AID HIGHWAY PROJECT FOR THE TIME PERIOD INDICATED. THESE ACTIONS APPLY ON A NATIONWIDE BASIS UNLESS OTHERWISE INDICATED. THE STATE NAME SHOWN ONLY INDICATES THE STATE WHERE THE VIOLATION RESULTING IN THE UNACCEPTABILITY ACTION OCCURRED.

COMPANIES:	FROM	TO	STATE
GOODELL BROTHERS. INC.	18-JUN-84	17-JUN-86	COLORADO
LANGEDYK CONSTRUCTION CO.	06-MAY-84	05-NOV-86	MICHIGAN
PIKE INDUSTRIES. INC	11-JUN-84	10-JUN-86	VERMONT

INDIVIDUALS:	FROM	TO	STATE
GOODELL. GEORGE	18-JUN-84	17-JUN-86	COLORADO
HOMER. BRUCE A.	11-JUN-84	10-JUN-86	VERMONT
LANGEDYK. RICHARD J.	06-MAY-84	05-NOV-86	MICHIGAN
PIKE. MILO L.	11-JUN-84	10-JUN-86	VERMONT

END OF LISTING OF CURRENT UNACCEPTABILITY ACTIONS.

REINSTATEMENT ACTIONS

THE FHWA HAS REINSTATED THE FOLLOWING COMPANIES AND INDIVIDUALS AS ACCEPTABLE FOR EMPLOYMENT ON FUTURE FEDERAL-AID PROJECTS. THE LIST INCLUDES ALL COMPANIES AND INDIVIDUALS THAT HAVE BEEN REINSTATED DURING THE CURRENT FISCAL YEAR.

ACTION TAKEN UNDER 23 CFR PART 16

COMPANIES:	UNACCEPTABILITY PERIOD FROM	TO	REINSTATEMENT DATE
BIG HORN CONSTRUCTION CO.	12-JAN-84	11-JAN-86	11-JAN-86
FRANK W. WHITCOMB CONST. CORP.	11-JUN-84	10-DEC-85	10-DEC-85
MARINE STRUCTURES INC.	18-JUNE-84	17-DEC-85	17-DEC-85

INDIVIDUALS:	UNACCEPTABILITY PERIOD FROM	TO	REINSTATEMENT DATE
* JOLIVET, ARNOLD M.	28-FEB-83	27-FEB-86	27-FEB-86
STANLEY, GERALD H.	18-JUN-84	17-DEC-85	17-DEC-85

ACTION TAKEN UNDER 49 CFR PART 29

COMPANY:	SUSPENSION/DEBARMENT PERIOD		REINSTATEMENT
ADDRESS:	FROM	TO	DATE
COOK CONST COMPANY. INC. 506 CARMONY LANE. NE. ALBUQUERQUE. NM 87107	11-18-85	-	12-20-85
DAKOTA CONTRACTING CORP. P.O. BOX 486 2208 BURLINGTON SIOUX FALLS. SD 57101	9-6-84	12-5-85	12-5-85
HUGO SCHULTZ. INC. P.O. BOX 898 LAKEFIELD. MN 56150	2-21-85	11-21-85	11-21-85
KNC. INC. 4001 BOGAN. NE. ALBUQUERQUE. NM 87191	11-18-85	-	12-20-85
ROHLIN CONST CO.. INC ESTHERVILLE. IA 51334	7-26-85	10-25-85	10-25-85
TOW BROTHERS CONST. INC. 1000 WEST LAKE AVENUE FAIRMONT. MN 56031	6-19-85	12-18-85	12-18-85
ZACK BURKETT CO. P.O. BOX 40 GRAHAM. TX 76046	1-28-85	9-30-85	9-30-85

INDIVIDUALS: ADDRESS:	SUSPENSION/DEBARMENT PERIOD FROM	 TO	REINSTATEMENT DATE
* DUNN. RONALD C/O TRANS EASTERN INSPECTION. INC. 1726 NORTHWEST AVENIDA DEL SOL BOCA RATON. FL 33432	1-6-86	-	2-7-86
HOLTMAN. DIRK KNC. INC. 4001 BOGAN. NE. ALBUQUERQUE. NM 87191	11-18-85	-	12-20-85
JERLOW. JOHN A. C/O HUGO SCHULTZ. INC. P.O. BOX 898 LAKEFIELD. MN 56150	2-21-85	11-21-85	11-21-85
KRUSE. LLOYD C/O HUGO SCHULTZ. INC. P.O. BOX 898 LAKEFIELD. MN 56150	2-21-85	11-21-85	11-21-85
* LINDER. JAMES ALLEN C/O TRANS EASTERN INSPECTION. INC. 1726 NORTHWEST AVENIDA DEL SOL BOCA RATON. FL 33432	1-6-86	-	2-7-86
MOORSE. LAWRENCE D/B/A HI-WAY SURFACING 200 WEST EIGHTH STREET MARSHALL. MN 56258	6-28-85	11-27-85	11-27-85
SMITH. PAUL F. C/O HUGO SCHULTZ. INC. P.O. BOX 898 LAKEFIELD. MN 56150	2-21-85	11-21-85	11-21-85
TOW. JAMES C/O TOW BROTHERS CONST.. INC. 1000 WEST LAKE AVENUE FAIRMONT. MN 56031	6-19-85	12-18-85	12-18-85

END OF LISTING OF REINSTATEMENT ACTIONS

* INDICATES ACTIONS THAT HAVE BEEN ADDED
TO THIS LISTING SINCE THE LAST UPDATE.

* * * * * END OF UNACCEPTABILITY FOR EMPLOYMENT LISTING * * * * *

DBE IN THE REAUTHORIZATION BILL

Mr. **Lehman**. Would you please explain why you did not include the disadvantaged business enterprise 10 percent participation goal provision in your reauthorization proposal?

Mr. **Barnhart**. Yes, sir. We are still working on that in-house, on the tenth floor and here in Federal Highway, because we cannot quite get a handle on how to approach this particular program.

I anticipate that we will offer something but I frankly do not know what at the point.

I am very disturbed about the program, because we are, in many ways, destroying the integrity of the competitive bid process, when you start mandating certain percentages by certain types of people.

And frankly, I do not know how you get balance in that program. And it is a volatile subject. One, frankly, has a very difficult time talking about sex or race in a political arena, and this is a political arena, and you are subject to misunderstandings, misinterpretations.

I think everyone is handling this subject gingerly. We are doing our darndest to make the program work but it poses many, many problems.

When you have got eleven or twelve thousand firms, and you try to penetrate that corporate umbrella to determine 51 percent ownership as legitimate, plus the actual mechanics of doing the work out on the job, it poses some real problems. I have got other problems.

What do you do in areas where you suddenly find they have got 35 and 40 percent requirements? Is this restraint of trade? Is this fair?

It is philosophically, and practically, a very, very difficult question.

Mr. **Lehman**. Mr. Pursell, would you take over? I will be right back because I want to pursue this. I have someone I have to see for just a moment.

STATE COMMITMENT TO DBE

Mr. **Pursell**. Do you believe that without this provision the States would be committed to increasing the participation of economically and socially disadvantaged business enterprises in their highway programs?

Mr. **Barnhart**. With no question, it will be done because of the political power of the issue within the States, and, quite frankly, I think most people in the highway community acknowledge the past inequities that have been there, and I think they genuinely want to open the system up to participation.

Without the specificity of 10 precent, I am not sure that you would do it in every State. Here again, it is political pressure. You get States that have less than a 2 percent minority population, which in itself bears no relationship to the number of business entities that would logically work in the highway area, yet some of those States are making 11 and 12 percent in minority participation.

I think we have a great deal of front operation, but again, to quantify that, to prove it, is extremely difficult; but I am convinced the States would continue to promote minority business involvement.

Here again, what is small, in terms of government, is not what is generally perceived by the general public. When you realize that "small" in the Federal government as a contractor is not over $51 million worth of work in three years, it boggles the mind.

AASHTO TASK FORCE ON DBE

Mr. **Pursell**. I believe the American Association of State Highway and Transportation Officials (AASHTO) established a task force to evaluate the DBE program.

What were their major findings and recommendations? Did their recommendations influence your decision to exclude the DBE program from your reauthorization proposal?

Mr. **Barnhart**. I do not know what was in that report, the most recent one that they are coming out with. They are working on an approach and I have not been briefed as to what it is.

Mr. **Pursell**. Have any other members of your agency or staff been involved in that study?

Mr. **Barnhart**. I do not know if they have been.

FHWA PARTICIPATION IN AASHTO STUDY

Mr. **Morgan**. There was an oral presentation given on the study at the last executive committee meeting of AASHTO. I am not aware that the report has been finalized, but one of the recommendations seemed to be to set up in each State sort of an assistance program on an individual State basis without any mandatory percentage where they would assist in bonding and an upward mobility type of approach.

But I have not seen a final of that report, I have not reviewed it, and I can say it did not really influence our decision on what was in our legislation.

Mr. **Barnhart**. Neither one of us was able to make that executive meeting. That is why we do not have that.

Mr. **Pursell**. Any other staff particiapte in it, or attended?

Mr. **Morgan**. No, sir.

Mr. **Pursell**. Did that task force have a completion date for the report? Are you aware or that, or——

Mr. **Barnhart**. I do not remember.

GENERAL AASHTO PROCEDURE

Mr. **Morgan**. In general, the AASHTO procedures would say that they complete a report and make recommendations to the executive committee and policy committee for a consolidated position, and then perhaps approach the department, or, perhaps the Congress with some recommendations, and we have not received any recommendations from them.

Mr. **Pursell**. Just out of curiosity, is there any Federal money in that study?

Mr. **Morgan**. No, sir.

Mr. **Pursell**. Does the task force involve participants from the Federal level at all, or State level?

Mr. **Morgan**. State level.

Mr. **Barnhart**. Not Federal.

Mr. **Morgan**. State highway officials, State transportation officials are on the task force.

Mr. **Barnhart**. I am told, Mr. Pursell, that the report has been furnished to Members of Congress; it has not been furnished to the Federal Highway Administration.

Mr. **Pursell**. Do you know when it was completed?

Mr. **Barnhart**. I do not know. This is just what was given to me.

AGC AND AASHTO STUDIES

Mr. **Pursell**. Okay. Both the Associated General Contractors association and AASHTO conducted opinion surveys of their members to obtain information on the DBE program.

The results do not provide "hard statistics" with which to evaluate the effectiveness of the program, but at least indicate perceptions about how the program is working. Would you please comment on the major findings of these surveys with respect to increases in the number of qualified minority business enterprises, cost increases attributed to the section 105(f) program, the perceived effects on non-minority contractors, and the ability of States with small minorities population to meet the 10 percent goal.

Mr. **Barnhart**. I would like to provide that for the record, if I might; it is rather extensive.

Mr. **Pursell**. Okay.

[The information follows:]

Both the AGC and AASHTO studies were opinions and concerns expressed by their membership and do not present any reliable statistical data. The capacity of DBEs in the highway construction industry has never been determined with any degree of confidence.

The AGC and AASHTO studies indicate that 48 percent and 75 percent respectively, of those surveyed believe that the availability of qualified DBEs to work on Federal-aid highway projects has increased. Furthermore, in 1985, the General Accounting Office (GAO) found that there are sufficient DBE contractors to meet the 10 percent goal.

The FHWA agrees with the finding of the GAO as it applies nationwide. This is borne out by total nationwide achievement of 12.7 percent in fiscal year 1985 and over 11 percent so far in fiscal year 1986. However, as noted by the GAO, capable DBE contractors may not always be available at the time contracts are let and further that availability is affected by location of work and competing job opportunities. Both of these conditions are definite factors in a number of States and are primary considerations in FHWA approving DBE goals of less than 10 percent.

The FHWA has received several comments from construction industry sources that the DBE program has increased the cost of projects. Without a doubt, the implementation of the DBE requirements involved increased costs. The allocation of resources at the State level to establish adequate certification and verification processes, as well as the steps taken to provide assistance to DBEs and develop innovative procedures, have entailed added costs.

There have also been indications that prime contractors have awarded subcontracts to DBEs in order to meet contract goals, even though the DBEs quotes were higher than non-DBE competitors. This has the effect of raising bid prices on contracts where DBE goals are included. The fraudulent practices which have unfortunately emerged in implementing the program have also added to costs.

We do not have the data available which would permit us to arrive at exact figures or accurate estimates to further quantify these additional costs.

It is difficult to judge fairly the weight which should be given to individual complaints of adverse impact. The effects on non-minority specialty contractors may be addressed by providing greater opportunities for DBEs in other contracting areas. To broaden DBE expertise and participation in other than specialty areas, several procedures are being used by some States which include: (1) breaking out large contracts into smaller units to allow DBEs to bid as primes; (2) establishing set-asides for DBEs in other than specialty areas; (3) designating in the contract, items other than specialty items to be subcontracted to DBEs; and (4) designating a portion of the contract goal to be accomplished in other than specialty areas. We will continue to work with the States and support these and other innovative procedures which encourage the broadening DBE contracting base beyond the specialty areas.

Even though there is no direct relationship between minority population and the number of available DBEs, some States with small minority populations have attracted out-of-state DBE contractors toward meeting its DBE requirements. However, this method is more frequently found in the Northeast Regions of the country where small States are in close geographical proximity. We have found that the range of operation for DBEs and others is restricted due to limited operating capital, preferred working locations and other factors.

When State's establish DBE goals, they consider type of work, normal industry practices, geographical location, contract dollar amount, etc., and the interrelation of available DBEs to these factors. However, as noted earlier by GAO, DBE availability may be affected by letting schedules, location of work, and other contracting opportunities.

DBE STATISTICS

Mr. PURSELL. Why aren't you collecting hard statistics which could be used to evaluate the effectiveness, and how much in terms of dollars and personnel would be required to do so?

Mr. BARNHART. We do collect a lot of statistics, extensive statistics, and frankly, we have a good record in terms of dollars. We did $1.4 billion with the minority contractors through the Federal aid program and the States last year.

That was about, I believe, 11.9 percent; or 12.7, I stand corrected. Thus far this year we have exceeded 10 percent.

Mr. PURSELL. Last year at this time, you said you were exceeding the 10 percent goal for minority contracts. What was the nationwide average at the end of fiscal year 1985 and what is the average for fiscal year 1986, to date?

Mr. MORGAN. I think you said 12.7 percent last year.

Mr. BARNHART. 12.7 for 1985.

Mr. MORGAN. And 11.5 thus far.

Mr. BARNHART. This year.

Mr. PURSELL. Has that been the average since the law was enacted?

Mr. BARNBART. Oh, we have been exceeding 10 percent all the time. Well, I think we did 9.9 the first effective year.

Mr. PURSELL. We passed that under Carter, if I remember.

Mr. BARNHART. Oh, no; under Carter? I am talking about since the 1982 Act.

Mr. PURSELL. Was that 1982?

Mr. BARNHART. The last year of the Carter administration, they did $232 million, nationwide, with minorities. My first year in this administration we did $358 million, up to $415 million. Then the 1982 Act came in with the 10 percent and we jumped $400 million, and then another $400 million the next year.

So we have had tremendous growth, and that has created some real problems.

Mr. PURSELL. Did all 50 States meet their minority goals in fiscal year 1985? If not, which States did not meet their goals and why?

Have you taken any actions against a State for noncompliance in fiscal year 1985?

Mr. **Barnhart**. Because they have all made, I think, a very genuine effort, we only had five States that requested goals of less than 10 percent, and one or two States missed their goals by one percent or less. I think they have done, really, a very good job in getting those numbers up. I can provide the specifics there for the record.

Mr. **Pursell**. By the word non-compliance, are you saying that none of the States have not complied?

Mr. **Barnhart**. Yes. None of them have not complied with this provision.

PENALTY FOR NONCOMPLIANCE

Mr. **Pursell**. What penalities could you enforce if they were not complying with this provision?

Mr. **Barnhart**. We could withhold funds.

Mr. **Pursell**. Withholding of Federal funds, but you have done none of that to this point?

Mr. **Barnhart**. No, sir.

Mr. **Morgan**. There are a few States that did not meet their goal, in the neighborhood of two or three, but it was in 1 tenths of a percent that they missed it, and there was good and sufficient reason for not meeting the goal.

DBE PROGRAM GOALS

Mr. **Pursell**. For the record, please update the lists on pages 1095 and 1096 in last year's hearing record, showing each State's 1985 and 1986 section 105(f) goals and their actual performance in 1985.

[The information follows:]

FY 1985 TWELVE MONTH REPORT OF THE FEDERAL-AID
DBE AWARDS AND COMMITMENTS

STATE	FY 1985 DBE GOAL (%)	NINE MONTH FA CONTRACTS $ (1000)	4TH QTR FA CONTRACTS $ (1000)	12 MONTH FA CONTRACTS $ (1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS			PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS	
					(No.)	$ (1000)	% ACHIEVED	(No.)	$ (1000)
ALABAMA	10.0	$170,630	$51,742	$222,373	286	$28,260	12.7	386	$34,206
ALASKA	10.0	59,130	15,889	75,019	42	10,202	13.6	75	12,237
ARIZONA	10.0	127,580	43,004	170,583	149	25,328	14.8	179	28,106
ARKANSAS	10.0	91,430	24,486	115,916	130	12,306	10.6	165	13,454
CALIFORNIA	13.0	428,345	220,027	648,372	1,366	132,080	20.4	1,173	69,233
COLORADO	10.0	101,064	45,670	146,734	151	16,854	11.5	185	17,686
CONNECTICUT	10.0	123,233	27,132	150,365	104	21,093	14.0	126	21,711
D.C.	35.0	38,947	3,403	42,350	37	27,194	64.2	36	27,138
DELAWARE	10.0	- 30,814	4,965	35,778	65	5,267	14.7	74	5,479
FLORIDA	10.0	195,784	154,643	350,427	333	42,972	12.3	376	43,584
GEORGIA	10.0	317,353	50,051	367,404	148	32,415	8.8	294	38,315
HAWAII	18.0	13,684	3,019	16,704	40	5,998	35.9	40	5,998
IDAHO	10.0	41,612	17,370	58,981	98	7,599	12.9	85	6,296
ILLINOIS	10.0	307,153	208,779	515,932	1,047	63,140	12.2	1,080	64,517
INDIANA	10.0	201,718	46,409	248,127	639	25,254	10.2	696	26,739
IOWA	10.0	152,609	6,316	158,925	466	18,250	11.5	545	17,460
KANSAS	10.0	133,024	21,904	154,928	285	18,699	12.1	299	26,065
KENTUCKY	10.0	188,775	91,785	280,560	112	28,169	10.0	112	26,239
LOUISIANA	10.0	144,188	31,481	175,669	65	16,679	9.5	172	13,232
MAINE	6.0	37,286	18,694	55,981	149	4,827	8.6	164	3,744
MARYLAND	10.0	139,862	59,659	199,521	219	23,738	11.9	234	28,913
MASSACHUSETTS	10.0	127,922	36,689	164,610	95	22,750	13.8	73	18,230
MICHIGAN	10.0	242,875	96,534	339,410	250	38,540	11.4	379	37,784
MINNESOTA	10.0	153,822	40,856	194,678	218	19,461	10.0	217	19,460
MISSISSIPPI	10.0	94,635	55,988	150,624	240	33,327	22.1	250	24,275
MISSOURI	10.0	198,191	56,634	254,825	337	25,527	10.0	378	29,325
MONTANA	7.0	60,776	39,256	100,032	123	9,116	9.1	124	9,182
NEBRASKA	10.0	77,163	7,549	84,712	91	9,612	11.3	110	9,518
NEVADA	10.0	83,638	9,844	93,482	37	20,631	22.1	32	19,934
NEW HAMPSHIRE	10.0	51,591	17,127	68,718	89	10,106	14.7	71	10,248
NEW JERSEY	10.0	186,273	19,179	205,452	134	25,370	12.3	64	10,614
NEW MEXICO	11.3	51,686	26,147	77,833	82	11,714	15.1	107	11,305
NEW YORK	12.0	556,444	114,500	670,944	285	82,161	12.2	461	79,349
NORTH CAROLINA	10.0	154,737	28,496	183,233	130	17,743	9.7	426	17,949
NORTH DAKOTA	6.0	73,437	1,995	75,432	144	7,303	9.7	90	7,111
OHIO	10.0	334,678	215,707	550,385	354	56,926	10.3	472	59,147
OKLAHOMA	10.0	90,942	60,064	151,006	115	29,638	19.6	104	22,043
OREGON	10.0	92,419	22,680	115,099	154	12,885	11.2	197	12,968
PENNSYLVANIA	10.0	554,026	205,053	759,079	946	86,720	11.4	696	70,720
PUERTO RICO	50.0	22,794	14,147	36,941	55	19,836	53.7	55	29,129
RHODE ISLAND	10.0	92,621	9,100	101,721	63	12,135	11.9	62	6,432
SOUTH CAROLINA	10.0	100,994	15,735	116,730	204	12,668	10.9	222	13,265
SOUTH DAKOTA	10.0	74,888	15,419	90,307	174	9,224	10.2	151	8,706
TENNESSEE	10.0	229,406	33,372	262,778	165	29,701	11.3	152	27,095
TEXAS	10.0	598,615	309,165	907,780	435	110,534	12.2	387	67,406
UTAH	10.0	103,218	51,202	154,420	142	16,297	10.6	141	15,687
VERMONT	10.0	48,837	14,496	63,333	40	7,163	11.3	40	3,061
VIRGINIA	10.0	254,627	115,114	369,741	282	47,582	12.9	236	44,683
WASHINGTON	10.0	207,085	80,983	288,068	279	36,177	12.6	274	36,878
WEST VIRGINIA	10.0	85,262	41,717	126,978	138	13,505	10.6	56	9,301
WISCONSIN	9.0	104,112	23,225	127,338	528	14,449	11.3	501	12,055
WYOMING	5.5	75,401	11,238	86,639	59	4,744	5.5	67	5,392
TOTALS:		$8,227,339	$2,935,639	$11,162,978	12,319	$1,419,869	12.7	13,091	$1,278,599

FEDERAL HIGHWAY ADMINISTRATION
Fiscal Year 1986 Disadvantaged Business Enterprise
Percentage Goals

REGION	STATE	DBE GOAL
1	Connecticut	10%
	Maine	6%
	Massachusetts	10%
	New Hampshire	10%
	New Jersey	10%
	New York	12%
	Rhode Island	10%
	Vermont	10%
	Puerto Rico	30%
3	Delaware	10%
	Maryland	10%
	Pennsylvania	10%
	Virginia	10%
	West Virginia	10%
	Dist. of Columbia	35%
4	Alabama	10%
	Florida	10%
	Georgia	10%
	Kentucky	10%
	Mississippi	10%
	North Carolina	10%
	South Carolina	10%
	Tennessee	10%
5	Illinois	10%
	Indiana	10%
	Michigan	10%
	Minnesota	10%
	Ohio	10%
	Wisconsin	10%
6	Arkansas	10%
	Louisiana	10%
	New Mexico	11.3%
	Oklahoma	10%
	Texas	10%
7	Iowa	10%
	Kansas	10%
	Missouri	10%
	Nebraska	10%
8	Colorado	10%
	Montana	6%
	North Dakota	8%
	South Dakota	10%
	Utah	10%
	Wyoming	5.5%
9	Arizona	10%
	California	13%
	Hawaii	18%
	Nevada	10%
10	Alaska	10%
	Idaho	10%
	Oregon	10%
	Washington	10%

DBE AWARDS COMMITTED TO DATE

Mr. PURSELL. What portion of the fiscal year 1986 federal aid contract funds have been committed to DBE's to date?

[The information follows:]

First quarter data regarding DBE awards and commitments are shown on the following chart. Data for the second quarter is not yet available.

FY 1986 FIRST QUARTER REPORT OF THE FEDERAL- AID

DBE AWARDS AND COMMITMENTS

STATE	FY 1986 DBE GOAL (%)	1ST QTR FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS			PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS	
			(No.)	$(1000)	% ACHIEVED	(No.)	$(1000)
ALABAMA	10.0	$37,354	70	$4,291	11.5	51	$2,079
ALASKA	10.0	3,850	3	113	2.9	3	508
ARIZONA	10.0	17,613	21	1,921	10.9	29	3,394
ARKANSAS	10.0	36,623	47	5,177	14.1	26	3,278
CALIFORNIA	13.0	119,451	257	19,651	16.5	344	16,181
COLORADO	10.0	46,164	41	2,384	5.2	45	2,345
CONNECTICUT	10.0	10,362	23	1,600	15.4	22	2,500
D.C.	35.0	308	2	83	26.8	3	84
DELAWARE	10.0	11,604	13	1,053	9.1	13	1,053
FLORIDA	10.0	52,879	40	5,065	9.6	92	12,170
GEORGIA	10.0	175,276	50	17,199	9.8	67	24,805
HAWAII	18.0	0	0	0	0.0	0	0
IDAHO	10.0	12,915	23	1,628	12.6	16	758
ILLINOIS	10.0	75,647	127	7,517	9.9	141	8,207
INDIANA	10.0	63,267	190	7,603	12.0	120	3,039
IOWA	10.0	43,301	127	5,240	12.1	36	1,863
KANSAS	10.0	34,675	66	4,764	13.7	56	3,971
KENTUCKY	10.0	15,544	9	1,375	8.8	9	1,375
LOUISIANA	10.0	94,737	23	8,847	9.3	21	2,233
MAINE	6.0	3,239	4	331	10.2	12	787
MARYLAND	10.0	42,182	41	4,348	10.3	42	2,739
MASSACHUSETTS	10.0	21,870	20	2,838	13.0	11	2,454
MICHIGAN	10.0	50,418	34	6,486	12.9	80	7,706
MINNESOTA	10.0	11,247	10	782	7.0	10	782
MISSISSIPPI	10.0	45,069	28	9,879	21.9	45	8,854
MISSOURI	10.0	83,533	82	10,191	12.2	72	8,704
MONTANA	6.0	24,440	17	1,812	7.4	20	1,591
NEBRASKA	10.0	36,042	32	3,232	9.0	10	905
NEVADA	10.0	11,631	15	1,251	10.8	13	2,276
NEW HAMPSHIRE	10.0	9,146	5	1,782	19.5	4	1,371
NEW JERSEY	10.0	71,680	35	9,399	13.1	27	4,972
NEW MEXICO	11.3	35,615	25	3,032	8.5	11	701
NEW YORK	12.0	129,948	69	19,347	14.9	74	14,836
NORTH CAROLINA	10.0	62,665	41	5,655	9.0	86	1,979
NORTH DAKOTA	8.0	9,714	19	672	6.9	21	580
OHIO	10.0	162,967	73	8,133	5.0	73	8,133
OKLAHOMA	10.0	42,274	21	5,857	13.9	25	6,013
OREGON	10.0	38,440	45	3,421	8.9	28	905
PENNSYLVANIA	10.0	139,469	164	13,677	9.8	87	3,886
PUERTO RICO	30.0	1,121	8	182	16.2	4	20
RHODE ISLAND	10.0	4,821	8	429	8.9	8	429
SOUTH CAROLINA	10.0	21,493	23	2,134	9.9	44	2,755
SOUTH DAKOTA	10.0	11,151	22	1,108	9.9	26	1,496
TENNESSEE	10.0	48,277	46	6,663	13.8	16	1,363
TEXAS	10.0	228,241	114	34,794	15.2	81	17,308
UTAH	10.0	18,798	27	2,231	11.9	23	2,312
VERMONT	10.0	11,208	21	4,956	44.2	6	1,391
VIRGINIA	10.0	31,788	36	4,190	13.2	37	5,613
WASHINGTON	10.0	38,134	23	4,481	11.7	39	4,415
WEST VIRGINIA	10.0	70,195	50	5,000	7.1	2	198
WISCONSIN	10.0	9,313	47	891	9.6	162	2,701
WYOMING	5.5	15,176	15	1,522	10.0	10	311
TOTALS:		$2,392,876	2,353	$276,216	11.5	2,303	$210,334

DBE/WBE STATISTICS

Mr. **Lehman**. For the record, provide for fiscal year 1985 the total number of DBE/WBE reviews and applications, and the percentage of denials and decertifications.

[The information follows:]

We do not collect such data on a routine basis. However, from a survey conducted last year, the number of DBE/WBE applications and reviews indicated a growth trend. Because of these efforts, States were denying certification to approximately 15 percent of all firms that were applying. The survey further indicated that States were denying recertification to about 8 percent of firms reviewed. We will continue to work with the States to implement effective certification procedures to enhance the program's integrity.

DBE PROGRAM AND LITIGATION

Mr. **Lehman**. Thank you, Mr. Pursell. What I wanted to pursue is the fact that, of course, your agency alone is not dealing with this problem. Many of the other agencies in government also have to deal with minority business opportunities.

Have you had problems with litigation on this as far as people taking you to court for discrimination in awarding these contracts?

Mr. **Barnhart**. We are being sued, yes.

Mr. **Lehman**. For the record, would you give me some update on how these suits are working out?

Mr. **Barnhart**. We have not had any adjudicated, have we?

Mr. **Morgan**. No.

Mr. **Lehman**. Well, please provide something for the record, to let the committee know how it is working.

Mr. **Barnhart**. We will be very pleased to.

[The information follows:]

Carpenter v. *Dole,* No. 85-527-CIV-5 (E.D. N.C. filed Apr. 3, 1985). Plaintiffs challenged the constitutionality of Section 105(f) of the Surface Transportation Assistance Act of 1982, which provides that not less than ten percent of the funds authorized by that Act (FHWA and UMTA grant funds) are to be expended with "small business concerns owned and controlled by socially and economically disadvantaged individuals ["DBEs"]." Among other things, the plaintiffs alleged that, as "specialty subcontractors," they were bearing a disproportionate burden, since more prime contractors were satisfying DBE goals for individual contracts (established by the states in conformity with FHWA regulations implementing Section 105(f)) by subcontracting to DBEs in their field of work.

Tennessee Asphalt Co. v. *Farris, Dole, and Barnhart,* No. 3-85-1176 (M.D. Tenn. Filed Oct. 4, 1985). The plaintiff in this case is a prime contractor who submitted the low bid on a project with a ten percent DBE goal, but whose bid was rejected because it provided for only 0.5 percent DBE participation without a sufficient demonstration of "good faith efforts" to meet the DBE goal. As with the *Carpenter* case, the plaintiff asserts numerous constitutional challenges to the manner in which the DBE program has been applied by the State and by FHWA.

S.J. Groves & Sons Company v. *Fulton County, Georgia,* No. C82-1895A (N.D. Ga. cross-claim filed Nov. 22, 1985). The plaintiff in *Groves* was the low bidder on a federally-funded runway renovation project at Charley Brown Airport, which is owned and operated by Fulton County.

In an extensive opinion on cross motions for summary judgment in the original action, issued on September 30, 1985, the Court (Judge Forrester) determined that Fulton County's MBE ordinance, which is modeled after DOT's MBE regulations, was inconsistent with the Georgia low-bid statute and therefore invalid. However, with respect to the airport project, the judge recognized that the DOT regulations authorized and directed the County, as a condition for receiving federal funds, to reject a low bid if the bidder had not exercised good faith efforts to meet the MBE goals for the project. Therefore, he held that if those regulations were valid, the plaintiff could not prevail against the County. Rather than reach that issue, the

Court ordered that the Department be joined as a "necessary" party, under Rule 19(a) of the Federal Rules of Civil Procedure, to defend our MBE regulations.

James Julian, Inc. v. *Kermit H. Justice,* No. 85–760 (D. Del. filed Dec. 30, 1985). This suit challenged the constitutionality of Section 105(f) of the STAA of 1982, and regulations implementing the DBE program, as applied in the State of Delaware. Essentially, the plaintiff, who was apparent low bidder on a Federal-aid highway project, complained that the rejection of his bid for failing to meet DBE goals was unconstitutional because the specifications of the State highway department did not permit the consideration of good faith efforts to secure DBE subcontractors. The suit was withdrawn when Delaware DOT agreed to cancel the solicitation and readvertise under new specifications with provision for good faith efforts.

FALSE FRONTS

Mr. LEHMAN. Have you had any problems regarding minority groups false fronting for actual majority citizen-owned contractors? We have had some of that, in our school system in particular, when we were trying to award schools to minority contractors.

Mr. BARNHART. Certainly. We have had that probably in every State in the nation. The States now, after that sudden growth because of the 1982 Act, are doing a good job on certification. As a matter of fact, I think about 15 percent of all applicants are rejected on initial certification because of some problem there, or not being legitimate, and I think recertification is denied about 8 percent, who are dropped because of non-compliance.

IMPACT OF SECTION 105(F) ON WBE

Mr. LEHMAN. Are women considered a minority on an equal basis as blacks and hispanics?

Mr. BARNHART. No, sir. We have a WBE program which is not statutory, but which we administer, and of course, since the enactment of the 10 percent requirement, the growth in female-owned business participation has come to a halt; it has really dropped significantly.

Mr. LEHMAN. It has dropped?

Mr. BARNHART. Yes, sir.

Mr. LEHMAN. What is the cause and effect there?

Mr. BARNHART. Because the States are working so hard to get their minority participation, I believe.

Mr. LEHMAN. It is squeezing the women out?

Mr. BARNHART. That I think females are being squeezed out. I have had some calls from Michigan on that score.

Mr. LEHMAN. If you have a black hispanic female in charge of a business—.

Mr. BARNHART. Well, then you have got it made.

Mr. PURSELL. How many women contractors did we have that owned businesses prior to——

Mr. BARNHART. I can supply you with those figures but we had a tremendous growth in female participation, at the beginning of the Reagan administration. We went from $49 million; we jumped about $80 million; we jumped another $80 or $90 million the next year.

Then when the 10 percent came in, it only went up about $19 million. It just really put the skids on it because all of the States, with the gubernatorial signoff for any waivers, you see, to meet the goals, directed——

Mr. **Pursell**. How many contracts, ballpark—you can supply it for the record, but——

Mr. **Barnhart**. I will supply it for the record.

Mr. **Pursell**. Are we talking about a hundred, two hundred? Fifty? Two thousand?

Mr. **Morgan**. You mean contractors, women?

Mr. **Pursell**. Yes, women-owned contracting businesses on the highways.

Mr. **Morgan**. We would have to supply that for the record.

Mr. **Pursell**. You do not have a ballpark guess?

Mr. **Morgan**. No, sir, we do not. In 1985, there was 5,700 contracts, or subcontracts awarded the WBE's, we know that, which was about 2.7 percent of our contract dollars.

Mr. **Pursell**. One other question. I always ask my committee, the Health Committee next door, all the staff who come before us are all male-oriented on health policy, and no females, or nurses. Do you have any women executives at the executive level that may not be here today?

WOMEN IN KEY FHWA POSITIONS

Mr. **Barnhart**. Yes. As a matter of fact, before it became popular.

Mr. **Pursell**. You mean they were there before your arrival?

Mr. **Barnhart**. Yes, that is right.

[Laughter.].

Mr. **Barnhart**. That is right. But Federal Highway was in the forefront of opening this system up both to minorities and to females, long before it became a national cause.

Mr. **Pursell**. How many executive slots do you have?

Mr. **Barnhart**. Four.

Mr. **Morgan**. We have four women currently in the senior executive service, and one in the development program.

Mr. **Pursell**. Four women out of how many?

Mr. **Morgan**. Fifty-six. Senior executives. That is in the senior executive service.

Mr. **Pursell**. I do not think I have ever seen one before this committee since I have been here.

Mr. **Morgan**. We keep them a secret.

Mr. **Pursell**. Do you hide them, or they doing the work out there?

Mr. **Morgan**. Yes, sir; they are doing the work.

Mr. **Lehman**. They are not out getting coffee for the rest of you?

Mr. **Barnhart**. No, sir. I will also point out that in our engineering training program we have a very high percentage of both females, and minorities, but we have not altered our standards in the selection. I truly believe they are there on merit.

Mr. **Pursell**. I know we are being a little humorous about it but it is a very serious issue.

Mr. **Barnhart**. As a father of only daughters, yes.

Mr. **Pursell**. I am happy to hear that you are making progress, and maybe next year you may have one here. Thank you.

SBA DEFINITION OF DISADVANTAGED

Mr. **Lehman**. I would just like to pursue the disadvantaged business enterprise. That does not say anything about race as such?

Mr. **Barnhart**. No, but we are constrained by the SBA definition which lists the five categories.

Mr. **Lehman**. What are the five categories in SBA?

Mr. **Barnhart**. Oh, Hispanic, black American.

Mr. **Morgan**. Black American, Hispanic American, native American, Asia India American, Asia/Pacific American.

Mr. **Lehman**. No handicapped?

Mr. **Morgan**. No, sir. Different program.

DBE BY ETHNIC GROUP

Mr. **Lehman**. The last time I met with the Florida DOT, they were sort of broken down into 60 percent hispanic and 40 percent black. I do not know whether that is more or less a standard in other States, or not, but I would like to have something, in those five categories, if you could furnish it, at least a sampling of the States, indicating how they award these contracts.

Mr. **Barnhart**. We have a breakdown.

Mr. **Morgan**. We have a table that breaks it down for each of the ethnic groups, into dollars and into number of contracts, on a State by State basis, which we will furnish for the record.

Mr. **Lehman**. I would like to have that for the record.

[The information follows:]

DBE PRIME AND SUBCONTRACTING AWARDS BY ETHNIC GROUPS

FY 1985, 12 MO. SUMMARY

STATE	BLACK AMERICAN		HISPANIC AMERICAN		NATIVE AMERICAN		ASIAN-INDIAN AM		ASIAN-PAC AM		OTHERS		TOTALS	
	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)	AWARDS No.	AMOUNT $(1000)
ALABAMA	227	$22,096	8	$962	130	$11,079	0	80	1	669	0	80	366	$34,386
ALASKA	9	1,685	16	986	47	9,232	1	3	0	30	0	0	73	12,235
ARIZONA	17	1,824	132	16,086	19	3,080	11	3,910	0	0	0	0	179	[illegible]
ARKANSAS	95	8,387	10	312	60	4,113	0	0	0	0	0	254	165	13,066
CALIFORNIA	333	13,061	671	46,469	86	6,017	15	179	167	3,506	0	0	1,173	69,232
COLORADO	39	3,793	131	10,102	3	1,428	1	101	31	2,701	0	0	105	17,685
CONNECTICUT	72	7,869	66	5,863	3	7,908	3	30	0	0	0	0	126	21,710
D.C.	25	20,280	11	6,880	0	0	0	0	0	0	0	0	36	27,130
DELAWARE	49	3,713	9	93	11	1,190	5	673	0	0	0	0	74	5,679
FLORIDA	156	7,394	108	22,752	100	12,087	5	669	7	1,064	0	0	376	43,383
GEORGIA	301	32,062	36	4,186	23	1,360	0	0	4	357	0	0	394	38,314
HAWAII	0	0	0	0	10	1,304	0	0	30	4,695	0	0	40	5,999
IDAHO	8	1,117	34	1,363	36	3,373	0	0	7	580	0	0	85	6,395
ILLINOIS	681	39,535	277	16,302	49	1,707	20	3,391	37	3,415	0	60	1,080	64,318
INDIANA	328	9,814	284	6,045	66	7,142	25	906	73	2,382	0	0	696	26,739
IOWA	341	13,080	69	1,170	99	2,192	0	140	17	234	31	680	545	17,459
KANSAS	131	11,321	70	4,360	99	10,373	0	0	0	0	0	0	299	26,065
KENTUCKY	69	12,415	25	3,082	6	3,439	2	261	10	7,071	0	0	112	26,239
LOUISIANA	113	8,790	29	1,399	9	1,088	0	0	21	2,103	1	90	172	13,232
MAINE	73	1,610	14	1,004	70	1,130	0	0	0	0	0	0	164	3,745
MARYLAND	137	16,596	25	1,404	4	1,370	44	8,661	4	694	0	0	234	28,913
MASSACHUSETTS	50	13,130	8	870	8	2,096	3	281	4	1,164	0	0	73	18,231
MICHIGAN	256	17,878	129	11,257	70	7,072	5	302	21	1,226	0	0	379	37,703
MINNESOTA	77	7,347	42	3,340	85	7,443	0	0	13	1,370	0	0	217	19,461
MISSISSIPPI	195	20,741	4	1,184	50	1,956	0	0	1	395	0	0	250	24,276
MISSOURI	253	22,310	30	2,559	90	4,455	0	0	0	0	0	0	373	29,325
MONTANA	0	0	6	1,594	117	7,223	0	0	1	387	0	0	124	9,184
NEBRASKA	44	3,907	51	4,177	15	1,431	0	0	0	0	0	0	110	9,318
NEVADA	3	753	16	1,703	11	17,290	0	0	0	0	2	188	32	19,934
NEW HAMPSHIRE	61	2,323	0	0	25	7,700	5	230	0	0	0	0	91	10,309
NEW JERSEY	23	2,678	22	1,319	7	3,370	11	3,198	1	40	0	0	64	10,614
NEW MEXICO	2	632	88	7,925	9	429	0	0	8	2,370	0	0	107	11,386
NEW YORK	192	32,670	119	25,908	93	18,093	20	6,778	37	2,980	0	0	461	79,380
NORTH CAROLINA	218	11,483	3	194	101	3,044	22	1,380	49	1,379	31	389	424	17,909
NORTH DAKOTA	0	0	1	11	89	7,100	0	0	0	0	0	0	90	7,111
OHIO	378	41,420	30	3,163	50	11,482	8	986	4	1,086	2	292	472	59,150
OKLAHOMA	21	3,655	6	1,473	76	14,507	0	0	1	409	0	0	104	22,044
OREGON	30	1,736	66	3,285	61	5,398	0	0	40	2,548	0	0	197	12,967
PENNSYLVANIA	368	42,436	140	15,990	37	1,935	70	7,166	77	3,223	0	0	696	70,726
PUERTO RICO	0	0	38	39,139	0	0	0	0	0	0	0	0	38	39,139
RHODE ISLAND	49	4,815	12	380	1	913	0	0	0	0	0	0	62	6,431
SOUTH CAROLINA	170	6,812	3	126	49	6,328	0	0	0	0	0	0	222	13,266
SOUTH DAKOTA	6	531	13	1,254	112	6,388	0	0	10	282	4	281	145	8,736
TENNESSEE	98	19,723	12	1,380	42	5,382	7	275	1	166	0	0	160	27,095
TEXAS	85	13,061	200	39,631	63	13,309	2	20	11	1,008	0	0	357	67,007
UTAH	3	183	78	9,704	30	4,281	0	0	32	1,399	0	0	143	15,567
VERMONT	3	207	4	109	32	2,691	1	20	0	0	0	0	40	3,027
VIRGINIA	205	32,730	10	4,030	14	5,402	5	1,930	4	370	0	0	238	44,462
WASHINGTON	60	12,170	45	4,371	66	10,065	0	0	105	8,360	0	0	276	34,966
WEST VIRGINIA	61	7,388	9	1,476	3	162	1	173	2	190	0	0	76	9,382
WISCONSIN	130	2,603	90	919	228	8,132	22	306	7	100	0	0	391	12,055
OVERSEAS	3	384	30	2,680	33	2,401	0	0	1	45	0	0	67	5,392
TOTALS:	5,040	$663,739	2,363	$326,453	2,617	$270,776	287	$61,280	817	$68,946	80	$2,606	13,091	$1,378,607

DBE-36
12/16/85

BONDING PROGRAM

Mr. **Lehman**. Are you having any trouble with bondability?

Mr. **Barnhart**. Well, there is a perception there, and yet, when you look at the facts, we are working on the bonding program, Mr. Gray's creation here, and that is coming along.

But when you have $1.4 billion worth of work done by minorities, it says that——

Mr. **Lehman**. Something is happening.

Mr. **Barnhart**. Something is happening.

DBE STATISTICS

Mr. **Lehman**. All right. Put those numbers in the record for me. I would like to see it, especially for Florida.

[The information follows:]

The following information provides a break-out by State of DBE accomplishments for Fiscal Year 1984. DBE awards and commitments totaled $1.4 billion. DBE accomplishments in the State of Florida are denoted with an asterisk.

FY 1985 TWELVE MONTH REPORT OF THE FEDERAL-AID
DBE AWARDS AND COMMITMENTS

STATE	FY 1985 DBE GOAL (%)	NINE MONTH FA CONTRACTS $ (1000)	4TH QTR FA CONTRACTS $ (1000)	12 MONTH FA CONTRACTS $ (1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS			PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS	
					(No.)	$ (1000)	% ACHIEVED	(No.)	$ (1000)
ALABAMA	10.0	$170,630	$51,742	$222,373	256	$28,260	12.7	386	$34,206
ALASKA	10.0	59,130	15,889	75,019	42	10,202	13.6	75	12,237
ARIZONA	10.0	127,580	43,004	170,583	149	25,328	14.8	179	28,106
ARKANSAS	10.0	91,430	24,486	115,916	130	12,306	10.6	165	13,454
CALIFORNIA	13.0	428,345	220,027	648,372	1,366	132,080	20.4	1,173	69,233
COLORADO	10.0	101,064	45,670	146,734	151	16,854	11.5	185	17,686
CONNECTICUT	10.0	123,233	27,132	150,365	104	21,093	14.0	126	21,711
D.C.	35.0	38,947	3,403	42,350	37	27,194	64.2	36	27,138
DELAWARE	10.0	30,814	4,965	35,778	65	5,267	14.7	74	5,479
*FLORIDA	10.0	195,784	154,643	350,427	333	42,972	12.3	376	43,584
GEORGIA	10.0	317,353	50,051	367,404	148	32,415	8.8	294	38,315
HAWAII	18.0	13,684	3,019	16,704	40	5,998	35.9	40	5,998
IDAHO	10.0	41,612	17,370	58,981	98	7,599	12.9	85	6,296
ILLINOIS	10.0	307,153	208,779	515,932	1,047	63,140	12.2	1,080	64,517
INDIANA	10.0	201,718	46,409	248,127	639	25,254	10.2	696	26,739
IOWA	10.0	152,609	6,316	158,925	466	18,250	11.5	545	17,460
KANSAS	10.0	133,024	21,904	154,928	285	18,699	12.1	299	26,065
KENTUCKY	10.0	188,775	91,785	280,560	112	28,169	10.0	112	26,239
LOUISIANA	10.0	144,188	31,481	175,669	65	16,679	9.5	172	13,232
MAINE	6.0	37,286	18,694	55,981	149	4,827	8.6	164	3,744
MARYLAND	10.0	139,862	59,659	199,521	219	23,738	11.9	234	28,913
MASSACHUSETTS	10.0	127,922	36,689	164,610	95	22,750	13.8	73	18,230
MICHIGAN	10.0	242,875	96,534	339,410	250	38,540	11.4	379	37,784
MINNESOTA	10.0	153,822	40,856	194,678	218	19,461	10.0	217	19,460
MISSISSIPPI	10.0	94,635	55,988	150,624	240	33,327	22.1	250	24,275
MISSOURI	10.0	198,191	56,634	254,825	337	25,527	10.0	378	29,325
MONTANA	7.0	60,776	39,256	100,032	123	9,116	9.1	124	9,182
NEBRASKA	10.0	77,163	7,549	84,712	91	9,612	11.3	110	9,518
NEVADA	10.0	83,638	9,844	93,482	37	20,631	22.1	32	19,934
NEW HAMPSHIRE	10.0	51,591	17,127	68,718	89	10,106	14.7	71	10,248
NEW JERSEY	10.0	186,273	19,179	205,452	134	25,370	12.3	64	10,614
NEW MEXICO	11.3	51,[illegible]96	26,147	77,833	82	11,714	15.1	107	11,305
NEW YORK	12.0	556,444	114,500	670,944	285	82,161	12.2	461	79,349
NORTH CAROLINA	10.0	154,737	28,496	183,233	130	17,743	9.7	426	17,949
NORTH DAKOTA	6.0	73,437	1,995	75,432	144	7,303	9.7	90	7,113
OHIO	10.0	334,678	215,707	550,385	354	56,926	10.3	472	59,147
OKLAHOMA	10.0	90,942	60,064	151,006	115	29,638	19.6	104	22,043
OREGON	10.0	92,419	22,680	115,099	154	12,885	11.2	197	12,968
PENNSYLVANIA	10.0	554,026	205,053	759,079	946	86,720	11.4	696	70,720
PUERTO RICO	50.0	22,794	14,147	36,941	55	19,836	53.7	55	29,129
RHODE ISLAND	10.0	92,621	9,100	101,721	63	12,135	11.9	62	6,432
SOUTH CAROLINA	10.0	100,994	15,735	116,730	204	12,668	10.9	222	13,365
SOUTH DAKOTA	10.0	74,888	15,419	90,307	174	9,224	10.2	151	8,706
TENNESSEE	10.0	229,406	33,372	262,778	165	29,701	11.3	152	27,095
TEXAS	10.0	598,615	309,165	907,780	435	110,534	12.2	387	67,406
UTAH	10.0	103,218	51,202	154,420	142	16,297	10.6	141	15,687
VERMONT	10.0	48,837	14,496	63,333	48	7,163	11.3	40	3,061
VIRGINIA	10.0	254,627	115,114	369,741	282	47,582	12.9	236	44,683
WASHINGTON	10.0	207,085	80,983	288,068	279	36,177	12.6	274	36,878
WEST VIRGINIA	10.0	85,262	41,717	126,978	138	13,505	10.6	56	9,301
WISCONSIN	9.0	104,112	23,225	127,338	528	14,449	11.3	581	12,055
WYOMING	5.5	75,401	11,238	86,639	59	4,744	5.5	67	5,392
TOTALS:		$8,227,339	$2,935,639	$11,162,978	12,319	$1,419,869	12.7	13,091	$1,278,599

REMEDY FOR WOMEN'S PROGRAM

Mr. **Pursell**. Mr. Chairman, I just wanted to ask one other question in regard to a response on women being in the decline. Are there any recommendations that you might make, as an agency, to turn that around?

Mr. **Barnhart**. No. I really do not have any. I, frankly, do not. I suppose it will settle out when the program gets set and we do not have such a strong emphasis on making a specific goal, but rather, trying to make a goal that is within the capacity of those States.

But certainly, when you have such a small percentage of minority population from which to draw in many States, and you are making 12 percent of your program, it does not leave you much for anything else, and it certainly does not leave you much for the other specialty contractors who have been there for a number of years. So we have a lot of inequities.

Mr. **Pursell**. Well, the statistics and the decline are rather disappointing. I just hoped that maybe we had some——

Mr. **Barnhart**. I hope I am accurate on that female participation. I know I checked that not too long ago because I addressed about a thousand women in construction; they have a very dynamic group going. But I will have to update my figures on the female participation.

Mr. **Pursell**. Thank you.

DEMONSTRATION BONDING PROGRAM

Mr. **Lehman**. Would you please give us a report on your progress in implementing the demonstration bonding program, including the status of program development and implementation in Florida, Pennsylvania and New York? Could you give us an update?

Mr. **Barnhart**. Yes, sir, we will be happy to supply that and it is coming along quite well.

Mr. **Lehman**. Do you have anything, off the top of your head?

Mr. **Barnhart**. Surely. Florida was about to award its contract on the bonding program for $425,000; $200,000 out of our supportive services fund; $225,00 out of the other pot that was established by this committee for the bonding program.

They ran afoul of their own regulations; they are having to readvertise before they can award a contract.

New York is handling their program, I believe through an existing supportive services contractor, and they have brought on board an individual to head up the bonding portion. So they are about ready to go.

Pennsylvania is handling their program with $300,000, with a special consultant, and they are functioning.

[The information follows:]

Florida—the State is implementing its bonding assistance program by hiring a consultant. The program is estimated at $425,000 ($225,000 bonding funds, $200,000 supportive services funds). The State had made final consultant selection; however, contract award was delayed pending the administrative resolution of a protest. A ruling on the protest and contract award was handed down against the State the week of January 6. The finding was that the State had failed to follow its own procedures in the review of the proplsals and the award of the contract. The State is readvertising the contract. Program implementation is expected by mid-May.

New York—the State is implementing its bonding assistance program through its existing supportive services program. The program is estimated at $300,000. An amendment to the State's existing supportive services contract with the Arawak Company is under expedited review with the State's legal bureau. Meanwhile, Arawak has gone ahead and hired an individual to fill the key program manager position and has had her on board working on preliminary bounding readiness assistance since early March. The individual had previously been employed as a bond underwriter for the Firemen's Fund Insurance Company.

Pennsylvania—the State has implemented its bonding assistance program by hiring a consultant. The program is estimated at $300,000. A contract was awarded to Boone-Young and Associates (MBE) on January 2, 1986. Initial bonding assistance activities are starting in Philadelphia.

Washington Headquarters—the FHWA has coordinated and held discussions with the Office of Small and Disadvantaged Business Utilization (OSDBU) regarding the implementation of a joint bonding effort as an integral part of the DOT bonding program. The OSDBU surety bonding program and technical assistance provided through its Program Management Centers (PMC's) could serve as resources to supplement the State bonding programs developed under the FHWA demonstration bonding program. The FHWA and OSDBU on November 12, 1985, executed a Memorandum of Understanding which establishes policy, general responsibilities, procedures, and funding parameters for a joint initiative.

The OSDBU is currently restructuring its bonding program involving its participating surety company and the PMC's. It is anticipated this restructuring will be completed in early 1986. The OSDBU time frame for program restructuring is unrelated to the implementation of the individual State's FHWA demonstration bonding program.

Since last fall, OSDBU has been conducting a solicitation and screening process to select a surety to replace the Fireman's Fund (their agreement terminates on March 31, 1986).

Two firms expressed interest in the program and subsequently submitted proposals. Of these two firms, one was rated as conditionally acceptable subject to the negotiation of several key elements (DOT percent guarantee, dollar amount of available bonding, administrative costs, etc.).

The OSDBU, with the consultation of FHWA, attempted to negotiate with the firm; however, in late January DOT terminated the negotiations because they were unable to resolve several key issues (administrative costs were too high, the contractor was unrealistic concerning the number of bonds he would place and their duration—the firm felt it could turn over the $9 million approximately 5 times in 1 year).

The FHWA and OSDBU decided to approach the Small Business Administration (SBA) to see if a joint program could be developed to meet DOT needs.

The OSDBU is in the final stages of negotiating with the SBA. Final details are not yet available. It is anticipated that DOT/FHWA will concentrate on marketing the SBA program to transportation industry contractors through the PMC's and our bonding assistance efforts in Pennsylvania, Florida, and New York. The DOT funds will probably be leveraged 10 to 1 (90 million of bonding capacity), and DOT will give an 80 percent guarantee).

HIGHWAY TRUST FUND PROJECTIONS

Mr. LEHMAN. For the record, would you update the table on page 1102 of last year's hearing record, that shows your financial projections for the highway account of the highway trust fund through 1990?

[The information follows:]

FINANCIAL PROJECTIONS FOR THE HIGHWAY ACCOUNT OF THE HIGHWAY TRUST FUND, CONGRESSIONAL BUDGET OFFICE FORMAT

[In millions of dollars]

Fiscal year	Highway authority	Outlays	Tax receipts	Interest	Total income	Balance beginning	Change	Balance ending	Unfunded authority	Upaid commitments
1985	15,191.4	12,756.1	11,801.2	1,106.5	12,907.6	10,210.5	151.5	10,362.0	18,833.8	29,195.8
1986	14,896.2	13,899.1	11,944.0	1,126.9	13,079.9	10,362.0	(828.3)	9,533.7	20,659.1	30,192.9
1987	12,945.6	13,414.5	12,598.0	953.2	13,551.2	9,533.7	136.6	9,670.4	20,053.5	29,723.9
1988	12,948.1	12,774.8	12,842.0	918.7	13,760.7	9,670.4	958.9	10,656.2	19,241.0	29,897.2
1989	12,949.0	12,830.7	13,837.0	932.4	14,091.4	10,656.2	1,188.8	11,845.0	18,170.6	30,015.6
1990	12,949.5	13,336.0	13,363.0	932.8	14,295.8	11,845.0	959.8	12,804.8	16,824.3	29,629.1
1991	12,950.5	13,220.1	13,696.0	880.3	14,576.3	12,804.8	1,356.2	14,161.0	15,198.5	29,359.5

CONSTRUCTION PRICE INDICES

Mr. LEHMAN. Please update for the record the information on price trends for Federal aid construction found on page 1118 of last year's record.

[The information follows:]

PRICE TRENDS FOR FEDERAL-AID HIGHWAY CONSTRUCTION

1977 Base

Year	Common excavation		Surfacing					Structures							Composite index
			Portland cement concrete[1]		Bituminous concrete		Surfacing Index	Reinforcing steel		Structural steel		Structural concrete		Structures index	
	Average contract price (cu. yd.)	Index	Average contract price (sq. yd.)	Index	Average contract price (ton)	Index		Average contract price (lb.)	Index	Average contract price (lb.)	Index	Average contract price (cu. yd.)	Index		
1962	.45	38.4	4.17	43.2	6.32	40.9	42.0	.113	41.4	167	32.1	53.88	37.5	36.6	39.0
1963	.45	38.4	4.24	43.9	6.48	41.9	42.9	.114	41.9	.182	35.0	57.31	39.9	38.8	39.9
1964	.46	39.4	4.16	43.1	6.26	40.5	41.7	.112	41.2	.193	37.1	57.71	40.2	39.4	40.2
1965	.47	40.6	4.34	44.9	6.50	42.0	43.4	.124	45.4	.200	38.5	59.63	41.6	41.3	41.7
1966	.52	44.8	4.50	46.6	6.44	41.6	44.1	.127	46.8	.224	43.0	63.22	44.1	44.2	44.4
1967	.54	46.5	4.43	45.8	6.47	41.8	43.8	.131	48.1	.247	47.4	70.30	49.0	48.4	46.2
1968	.56	47.7	4.79	49.5	6.77	43.8	46.6	.131	48.3	.249	47.8	71.81	50.0	49.1	47.8
1969	.59	50.4	4.87	50.5	7.01	45.3	47.9	.143	52.7	.316	60.8	81.34	56.7	57.2	51.7
1970	.66	56.6	5.42	56.1	8.04	51.9	54.0	.163	60.1	.338	65.0	92.73	64.6	63.9	58.0
1971	.67	57.6	6.06[2]	62.7	8.54	55.2	58.9	.177	65.1	.348	67.0	97.02	67.6	67.0	60.8
1972	.72	62.0	6.25	64.7	9.23	59.7	62.1	.181	66.5	.342	65.7	100.17	69.8	68.0	63.9
1972	.72	62.0	6.42	64.5	9.23	59.7	61.2	.181	66.5	.342	65.7	100.17	69.8	67.9	64.2
1973	.80	68.4	7.00	70.3	10.02	64.8	66.5	.207	75.9	.372	71.6	111.81	77.9	75.4	70.8
1974	1.00	85.6	8.88	89.2	14.74	95.3	93.3	.339	124.7	.551	106.0	136.80	95.3	103.9	96.3
1975	1.03	88.6	8.88	89.2	15.13	97.8	95.1	.297	109.0	.554	106.5	138.76	96.7	102.1	96.7
1976	1.03	88.7	8.92	89.6	14.83	95.9	93.6	.258	94.7	.484	93.0	139.59	97.3	95.4	93.4
1977	1.16	100.0	9.95	100.0	15.47	100.0	100.0	.272	100.0	.520	100.0	143.51	100.0	100.0	100.0
1978	1.54	131.9	11.90	119.6	17.16	110.9	113.7	.316	116.1	.603	116.0	172.41	120.1	118.0	119.4
1979	1.62	138.8	14.02	140.9	21.21	137.1	138.3	.421	154.7	.759	146.0	211.33	147.3	148.1	142.6
1980	1.83	157.2	14.92	149.9	25.29	163.5	159.1	.483	177.5	.941	180.9	226.66	158.0	169.1	163.0
1981	1.76	151.4	14.17	142.4	25.63	165.7	158.2	.438	160.9	.790	152.0	231.64	161.4	158.1	156.7
1982	1.59	136.2	13.03	130.9	24.33	157.3	148.9	.407	149.6	.762	146.6	219.63	153.0	150.3	146.8
1983:															
First quarter	1.81	155.8	12.48	125.4	24.95	161.3	149.8	.401	147.5	.711	136.8	208.77	145.5	142.8	148.1
Second quarter	1.69	145.0	12.76	128.2	23.34	150.9	143.7	.387	142.1	.716	137.7	207.53	144.6	141.8	143.1
Third quarter	1.73	148.7	12.71	127.7	24.46	158.1	148.4	.407	149.7	.652	125.3	224.15	156.2	144.5	146.8
Fourth quarter	1.78	153.1	12.77	128.3	24.80	160.3	150.1	.398	146.3	.757	145.7	214.55	149.5	147.6	149.7
Annual	1.74	149.6	12.69	127.5	24.27	156.9	147.5	.398	146.3	.708	136.1	213.85	149.0	144.1	146.5
1984:															
First quarter	1.66	142.8	12.80	128.6	25.34	163.8	152.6	.412	151.5	.726	139.5	224.35	156.3	149.8	149.3
Second quarter	1.91	164.3	13.19	132.5	25.55	165.2	154.8	.401	147.2	.678	130.4	218.48	152.2	143.9	152.1
Third quarter	1.90	163.2	13.99	140.6	27.32	176.6	165.1	.407	149.6	.712	136.9	203.18	141.6	141.3	154.4
Fourth quarter	2.15	184.4	15.31	153.8	28.22	182.4	173.3	.415	152.6	.715	137.5	229.84	160.2	151.1	166.0
Annual	1.90	163.6	13.64	137.0	26.52	171.4	160.5	.409	150.3	.709	136.3	218.02	151.9	146.3	155.0
1985:															
First quarter	2.17	186.3	13.76	138.2	28.16	182.0	168.0	.476	175.1	.755	145.3	234.70	163.5	159.2	168.1
Second quarter	2.29	197.0	14.76	148.3	27.88	180.2	170.0	.444	163.2	.824	158.4	246.67	171.9	165.8	173.9
Third quarter	2.23	191.9	14.40	144.7	28.98	187.3	173.7	.425	156.3	.838	161.1	255.09	177.8	168.5	175.3
Fourth quarter	2.27	194.7	14.41	144.7	29.25	189.1	174.9	.434	159.6	.757	145.5	236.80	165.0	157.4	171.5
Annual	2.24	192.3	14.31	143.7	28.52	184.4	171.4	.444	163.4	.796	153.0	243.60	169.7	163.0	172.1

UNEMPLOYMENT IN CONSTRUCTION INDUSTRY

Mr. **Lehman**. For the record, please update the information on the unemployment rate in the construction industry that appears on page 1119 of last year's record.

[The information follows:]

Unemployment rate in the construction industry

Annual	*Percent*
1975	18.1
1976	15.7
1977	12.7
1978	10.6
1979	10.2
1980	14.1
1981	15.6
1982	20.0
1983	18.4
1984	14.3
1985	13.1
January	13.5
February	13.4
March	13.3
April	13.3
May	11.0
June	13.5
July	13.4
August	13.1
September	13.6
October	13.5
November	13.4
December	12.6

Source: From Monthly Labor Review, Bureau of Labor Statistics (BLS). BLS does not make projections of future unemployment levels.

COST TRENDS

Mr. **Lehman**. Also, please update the material on page 1120 of last year's hearing record regarding cost trends and capacity in the highway construction industry.

[The information follows:]

COST TRENDS—HIGHWAY MAINTENANCE AND OPERATIONS

[1977 base year = 100]

Year	Labor	Material	Equipment	Overhead	Total
1970	57.59	54.79	54.88	73.69	57.55
1971	61.20	57.91	55.59	77.45	60.46
1972	65.23	61.37	61.79	81.20	64.89
1973	69.87	64.35	68.86	84.95	69.86
1974	75.83	84.09	79.05	88.71	78.18
1975	81.72	95.60	87.85	92.46	85.24
1976	91.08	95.11	94.95	96.21	92.69
1977	100.00	100.00	100.00	100.00	100.00
1978	106.99	115.17	107.45	103.72	107.83
1979	114.51	136.26	120.84	107.48	118.17
1980	129.21	157.11	142.60	111.23	134.58
1981	136.96	159.31	167.84	130.36	146.29
1982	150.79	171.58	182.78	141.44	160.04
1983	157.58	170.04	188.08	159.40	166.28
1984	165.93	181.77	188.64	177.57	173.93
1985	176.05	194.68	197.13	195.86	184.37

EXCESS CAPACITY IN HIGHWAY CONSTRUCTION INDUSTRY

[Amounts in billions of dollars]

	1985	1984	1983	1982	1981	1980	1979	1978	1977
Average number of bidders, Federal-aid except secondary	4.3	4.6	5.3	5.8	6.0	5.1	3.8	3.8	4.5
Percent unemployment	13.1	14.3	18.4	20.0	15.6	14.1	10.2	10.6	12.7
Federal-aid amounts including secondary	[1] 12.0	[1] 9.8	[1] 9.4	[1] 6.8	[1] 6.9	[1] 7.1	8.6	6.6	6.0
Constant 1972 dollars deflated by FHWA bid price index	4.5	4.1	4.1	3.0	2.8	2.8	3.9	3.5	3.9

[1] Estimate.

VALUE ENGINEERING

Mr. LEHMAN. Last year you indicated that the use of value engineering on federally assisted highway projects saves far in excess of what the FHWA's operating budget is each year.

It was also stated that roughly half of the States are actively using value engineering. Has the number of States using value engineering increased since last July?

Mr. MORGAN. There are still approximately 30 States that use it in one form or another, and it has been about the same since last year, Mr. Chairman.

Mr. LEHMAN. Value engineering is not a new concept; its benefits have been well documented and widely touted. Why are not all States interested in using value engineering since it is a particularly effective way to increase productivity?

How effective have your efforts to promote value engineering been?

Mr. MORGAN. Well, I think all States use value engineering in one form or another, and some of them do not use formal value engineering teams. So I would say that we have been quite effective in promoting its use, and we have done it by offering training. We have had a value engineering course which is continuously updated for several years. We have a value engineering staff in our headquarters office that puts on the course, and generally, it has received acceptance. All States have not elected, however, to establish formal value engineering procedures.

MANDATORY VALUE ENGINEERING

Mr. LEHMAN. In spite of the tremendous cost savings, you have indicated you would oppose mandatory value engineering requirements. In fact, at a national engineering conference last year in San Diego, Mr. Lamm said:

"Unless Congress writes it into the legislation, we never mandate anything and we never will. Even something as absolutely beneficial as value engineering."

In light of the current budgetary crisis and the cost savings that the use of value engineering could achieve, do you think that Congress should consider legislation that would require you to set dollar threshholds for projects on which value engineering would be required?

Mr. **Morgan**. No, sir.

I believe that value engineering as we are now approaching it is about at the right tempo and degree of persuasion. AASHTO, itself, has recently formed a committee to look at value engineering and to promote it in the states that are not using it and to perhaps to get it underway throughout the AASHTO community.

As far as cost savings, there are cost savings on a project-by-project basis, but there would not necessarily be any savings to the federal dollar, because of course, the dollars are apportioned by formula and what the state saves on one job, it can use on another. It makes their highway dollars go further.

So therefore, we feel that it is going to sell itself and it has.

Mr. **Lehman**. Is there not a parallel situation there between your argument on Davis-Bacon and your argument on value engineering, would not the logic be similar?

Mr. **Barnhart**. We believe it is cost effective but it sometimes takes persuasion, too. But I think the states are coming on board, as attested to by the Committee that AASHTO is doing.

And I think, persuasion, as Dick says, you try diplomacy first and if it does not work, then you invade. I do not think that it is time to invade yet.

EMERGENCY RELIEF

Mr. **Lehman**. On March 3, the House of Representatives agreed to increase the limitation on the amount of obligations from $30 million to $100 million for emergency relief projects in any state resulting from any single natural disaster or catastrophic failure occurring in calendar year 1986.

What is your position on the increase in the limitation on emergency relief funding from $30 million to $100 million for any one state? What effect would this legislation have on the emergency relief program?

How would it affect the rate of obligations, and would you require additional funding as a result of the increase in the limitation from $30 million to $100 million?

Mr. **Morgan**. We would have no objection to raising the ceiling for this year to $100 million. It may increase the rate of obligations but we believe that we have enough in the emergency relief program to cover it without asking for an increase in authorizations.

INSPECTOR GENERAL SAFETY PROGRAM RECOMMENDATIONS

Mr. **Lehman**. Based on the results of an audit in one FHWA region, the Inspector General recommended corrective actions to improve the effectiveness of the hazard elimination and rail-highway grade crossing programs. When he appeared before this Committee on March 4 of this year, Mr. Genovese said that you should require the states to come up with a plan to identify and prioritize projects. Would you please comment on the Inspector General's findings and recommendations, and summarize any corrective actions you are taking?

Mr. **Jacks**. Mr. Chairman——

Mr. **Lehman**. Also, if you want to expand on your answer for the record, please do so.

Mr. **Jacks**. I would just say that most of the recommendations which the IG made and which Mr. Genovese commented on, we have moved on them. For the record, we would provide more details to this question.

Mr. **Lehman**. Fine.

[The information follows:]

The Federal Highway Administration has made reviews of the Highway Safety Improvement Program in 38 States, the District of Columbia and Puerto Rico. The Office of Inspector General has made reviews in an additional 5 States. We expect our division offices to make reviews in the remaining 7 States during this fiscal year.

Many of the Federal Highway Administration review findings paralleled those of the Office of Inspector General. As a result of the findings and recommendations from the Federal Highway Administration reviews, a number of States have improved their project selection and implementation procedures, and we are continuing to work with the remaining States to achieve more effective, efficient utilization of Rail-Highway Crossings and Hazard Elimination Program funds. Where appropriate, the recommendations have included the need to improve States' methods for identifying and providing priority treatment of safety hazards at locations most in need of corrective action.

A subsequent report on the national audit of the Highway Safety Improvement Program has been released by the Office of Inspector General and the above actions are consistent with the findings and recommendations in this report.

RAIL SIGNALIZATION PROJECTS

Mr. **Lehman**. In another review of rail signalization projects, the Inspector General found large variances in the cost of these projects, largely due to the use of sophisticated traffic control devices by some railroads but not others.

The Inspector General recommended that you develop guidelines for use by the states in selecting rail traffic control systems. What is the implementation status of your corrective actions?

Also, will these guidelines address the cost-effectiveness of upgrading existing traffic control signal devices that are technologically out-moded?

[The information follows:]

We agree with the Inspector General's recommendation that guidelines are needed. In fact, the Federal Highway Administration is nearing completion of the revised "Railroad-Highway Grade Crossing Handbook." This handbook discusses the various protection alternatives available. It also identifies the types of train movements and highway traffic characteristics for which each protection alternative is appropriate.

The handbook also contains a section on the cost-effectiveness of various improvements at railroad-highway grade crossings and discusses economic analysis procedures to use in determining appropriate improvements at railroad-highway grade crossings.

This document, developed under a research and development contract, is in final editorial review prior to printing. Distribution is planned in the fall of 1986. The Federal Highway Administration plans to have a contractor develop a training course to familiarize the rail and highway communities with technical material contained in the updated handbook.

IG REPORT—UNLIQUIDATED OBLIGATIONS

Mr. **Lehman**. According to the Inspector General's semiannual report for April 1, 1985, to September 1, 1985, an audit of one FHWA region found $355 million of obligated, but idle funds. Of this amount, $218 million remained unnecessarily obligated on completed projects; more than $100 million were obligated for up to 14 years on projects that had not been placed under federal-aid agreements; and $37 million were obligated on preliminary engineering projects that had not proceeded to construction within 5 years as required.

At a March 4 hearing before this Committee, Mr. Genovese indicated that while your corrective actions were adequate in this particular case, he was not "entirely satisfied" because you have had this problem for the last four or five years and it "keeps cropping up every year".

What is the cause of this situation? In this particular case it appears that project delays would only account for a portion of idle funds.

What actions are you taking to see that the financial management deficiencies noted by the Inspector General are corrected?

Mr. **Morgan**. Well, first, I am trying to find our response, Mr. Chairman.

Well, we do take some exception to the figures that the IG had in his report, and we have discussed them with him but that is a matter of opinion. I will not deny that this is a problem and that it crops up and that basically is a result of states not closing out projects that could be closed out and thereby receiving any underruns on those projects back into their highway apportionment and obligation ceiling.

And what we have been trying to do on a periodic basis, is make spot reviews of our regional offices, our divisions in the states to see that they are keeping up to date.

I guess what I would say is that it is sloppy bookkeeping and we do not like it, we do not condone it, but I cannot deny that it is a problem that we are continually working on.

We are hopefully going to a completely automated accounting system later this year and as that progresses we expect the transactions will turn faster and hopefully minimize the problem and get these old projects finaled out with the money thrown back to where it is supposed to be.

Mr. **Pursell**. Could I just ask a question about "idle funds"? The IG found $355 million in obligated but idle funds in one region, and they break it down a bit there, but what do they mean by idle funds?

Mr. **Morgan**. There will be a project agreement with an obligation against that project agreement within a state. The project may be completed and they have not gone back and finaled the project out and there may be funds obligated against that and the project may have cost less than that. And once they have completed the close-out of the project those funds become available for other highway expenditures.

Other projects have been authorized and actually for some reason or another, perhaps environmental problems, perhaps a shift in state priorities or perhaps a shortage of funding, these projects have lain dormant for years with funds obligated against those which are just sitting there.

And that is what they are talking about, I believe, when they are talking about unliquidated obligations.

Mr. **Pursell**. But they are not suggesting then to—before that final commitment, whether it is a court case or whatever—to use those somewhere else and reprogram that money?

Mr. **Morgan**. Yes, sir, that is what they are suggesting.

Mr. **Pursell**. To reprogram that money?

Mr. **Morgan**. We let it revert back into their unobligated balances and put it to work and that makes good sense.

Mr. **Pursell**. And you can do that legally?

Mr. **Morgan**. Yes, sir.

Mr. **Pursell**. Even though the project may not be officially closed out and finished?

Mr. **Morgan**. Well, what you would—you would have to revise the project agreement downward, or close the project out.

If projects are in litigation, I would not suggest doing that because if the project is in litigation, there is a commitment to the project and you would not suggest revising or taking that money out. Often they are in litigation in the very early stage, and there is not much committed against them.

The more common situation is where the project has been completed and/or is nearly completed and it has not, what we call, been finaled out. The final voucher has not been paid or processed and that is where there may be some money just sitting there.

Mr. **Pursell**. And you can obligate all of that money within the five years?

Mr. **Morgan**. Yes, sir. The limitation at the time that the project is closed out, whatever balance it is, reverts to the state's unobligated balance, of whatever category of funds it is.

Mr. **Barnhart**. We disagree on the extent of that.

Mr. **Morgan**. Yes, sir, our number is more like $48.7 million rather than $355 million.

RAIL-HIGHWAY GRADE CROSSING NEEDS STUDY

Mr. **Lehman**. While the rail-highway grade crossing program has been successful in reducing grade crossing accidents and fatalities since 1974, there have been substantial changes in the nature and pattern of rail and highway transportation since that time.

Do you support the need for a new national grade crossing needs study similar to that conducted in 1971 and 1972 which led to the creation of the rail-highway crossing program?

[The information follows:]

Since the last national grade crossing needs study conducted in 1971 and 1972, and the establishment of the Rail-Highway Crossings program in Section 203 of the

Highway Safety Act of 1973, $1.7 billion have been obligated for crossing improvements from this program alone. In addition, over $1.4 billion in other Federal-aid highway funds have been obligated for crossing improvements. Section 203 funds have been used for approximately 20,000 projects, including the installation of flashing lights or flashing lights with gates at over 20,000 crossings.

There have been substantial program accomplishments since the last needs study. Also changing patterns in rail and highway traffic movements, changing technology, and recently emerging issues indicate the need to update the previous study through utilization of the current national inventory, State, railroad, and other available records to reflect these changes. We would support such an update effort.

INTERSTATE UPGRADE NEEDS

Mr. LEHMAN. What is the current estimate of interstate mileage requiring major upgrading such as pavement reconstruction, additional lanes, additional interchanges, and so forth?

How many additional miles are in need of 4R-type work to maintain an acceptable level of serviceability?

[The information follows:]

Based on information contained in the Status Of The Nation's Highways: Conditions and Performance Report dated June, 1985, approximately 4,300 miles of rural Interstate and 1,790 miles of urban Interstate had pavements at or below the point where either resurfacing our pavement reconstruction was needed. In addition, another 3,000 miles of urban Interstate also had other deficiencies of some type, the predominant deficiency being insufficient capacity to handle peak period traffic demand. In rural areas, approximately 3,300 miles had some capacity or design deficiency. During 1985, FHWA approved the additional of 37 new interchanges to the Interstate System.

BUREAU OF MOTOR CARRIER SAFETY

TRUCK INSPECTION PROCEDURES

Mr. LEHMAN. Last spring it was reported that half of the trucks singled out by the federal safety investigators at roadside checks were being ordered off the road with serious safety defects.

According to the same article, investigators were then "ordered to stop targeting dangerous-looking vehicles and instead to select inspection candidates at random—even if that meant watching an obviously unsafe truck drive off down the expressway".

The reason reportedly stated by the BMCS for the policy was this:

"That was doing a disservice to the industry in my judgment because news stories citing the percentages created in the mind of the public an unwarranted fear about trucks."

The number of trucks that inspectors ordered out of service dropped by 25 percent the following year. Was the decrease in the number of trucks ordered off the road a result of the new policy?

How can you justify a policy that would permit, what the article calls, obviously unsafe trucks to go uninspected?

Mr. LANDIS. Mr. Chairman, the first part of the question is did the change in policy have an effect on the numbers, and I think unquestionably it did, because you change the cross-section of vehicles that you were looking at from a targeted process into a random process and that resulted in the lower numbers.

Can we justify that policy? No, we cannot. And consequently, I directed that the policy be changed and I would offer a recent memorandum that went out and it follows one of the directives of the motor carrier examination activity is to remove the imminently hazardous vehicles, potentially unsafe drivers from the highway and in the past the staff members making the vehicle examinations, were free to select the vehicles of his or her choice by using a variety of pre-screening techniques.

In doing so, the staff member developed a keen eye and ear for identifying those vehicles most likely to be in an unsafe condition.

The present vehicle selection policy, however, does not allow for pre-screening except in situations where the flow of traffic is such that the staff member has a choice of several vehicles at the same time. In such instances, the one that is obvious, out of service defects or by its general conditions appears to be most likely to be defective, and will be selected.

The policy change is to look for those vehicles, and target on the ones that are obviously a problem vehicle and not rely on the random selection process. There is a place for both processes.

Mr. **Lehman**. Why did you switch to random inspections?

Mr. **Landis**. That was done before I got there and I am not sure what the rationale is.

Mr. **Lehman**. Mr. Barnhart would you know why?

Mr. **Barnhart**. I would have to supply that for the record because frankly I do not remember. It has been a year and a half ago. And we have changed our procedures, as Dick has said.

Mr. **Lehman**. In that, I would like to know whether you were involved or consulted in that decision process, about changing your inspection procedures from trying to identify dangerous vehicles?

Mr. **Barnhart**. No, as a matter of fact, I was not.

[The information referred to follows:]

The policy change from commercial vehicle selection of those appearing to be the least well maintained to a policy of random selection was made in 1983 by the Director, Bureau of Motor Carrier Safety, to accomplish two objectives. The first objective was to assure that a new vehicle or clean appearance would not exempt such vehicles and their drivers from inspection for their driver hours of service compliance and their cargo from inspection for hazardous materials compliance. The second objective was to get a better picture of the compliance posture of the Nation's fleets, rather than statistics on the worst offenders. In subsequent reviews, it was deemed that the original policy of selecting the vehicle most likely to be in noncompliance had greater safety benefit than the use of random selection procedures. The selection of vehicles most likely to be in noncompliance and a risk to the public is our current selection policy.

Mr. **Landis**. Mr. Chairman, I might add that there is a place for a process that is random and when we are trying to determine, when you are trying to determine what is occurring out on the road, you have to do that process, but there are ways to do that rather than across the board, and that is what we are changing.

BMCS PENALTIES

Mr. **Lehman**. In another article, in the Miami Herald, the BMCS was questioned about the lenient penalty BMCS recommended in a civil action against a trucking company.

When asked why BMCS did not seek a stiffer penalty, the reported answer was this:

"It was a pretty bad time for the trucking industry. A lot depends on the ability of the company to pay."

On the other hand we have read a lot about the reported $9.5 million fine assessed by the FAA on Eastern Airlines which is in serious financial difficulty. Do you believe that it is appropriate to base the size of the penalty on the financial health of a trucking company or of the trucking industry?

Mr. Landis. I do not agree that it should be based upon the hardship for the violators. However, I would call attention to the Chairman that the penalty provisions of the legislation that we administer requires us to take in to consideration the ability to pay and the ability to stay in business of the violators. It is one of the factors that has to be considered.

And it is one of other factors that go into the decision process but it is one that is considered.

Mr. Lehman. Should we change that statutory provision?

Mr. Landis. It would not be inappropriate to change it.

Mr. Barnhart. We might want to discuss that. No, quite frankly, I think that we are supposed to rectify problems, not necessarily, arbitrarily because someone does something wipe them out totally. I think that we have got to see if it is possible of redemption before we go to that extent.

There is no question but there are serious problems in the industry right now and I am sure we will have increasing problems with the trucking industry with its inability to get the insurance that is mandatory, for instance.

Not just to the trucking industry, but to the whole economy.

Mr. Lehman. Yes, I read the Time magazine article about insurance this week.

Mr. Barnhart. Well, I have not read Time magazine, but I sure get letters and when you get a fleet from a reputable company that has been paying $378,000 for their fleet policy and suddenly it is $2.2 million, there are lots of problems out there and I think that we have to look at this.

Mr. Lehman. Or suddenly your insurance is cancelled.

Mr. Barnhart. That is right. And so we do have serious problems, but no, simply on the basis of financial solvency that should not be the determinant in what we do.

Mr. Landis. We do not disagree on that.

Mr. Lehman. Well, after you have a little consultation will you put the results of your conversation in the record?

[The information follows:]

The ability to pay is one of the factors required to be considered in assessing penalties for violations of the financial responsibility requirements established by Section 30 of the Motor Carrier Act of 1980. Specifically, Section 30(d)(1) requires the taking into account the nature, circumstances, extent, gravity of the violations degree of culpability, history of prior offenses, ability to pay, and ability to continue in business when establishing the amount of proposed penalties and final settlements. Thus, we are required to consider the economic impact of assessments on carriers and tailor the amount of the penalty to fit the seriousness of the violation and the financial solvency of the carrier.

PENALTY ASSESSMENT DECISIONS

Mr. Lehman. Do any other transportation enforcement agencies consider financial health in their penalty assessment decisions?

[The information follows:]

Other transportation agencies are required by statute to also consider financial health in the assessment of civil penalties. The Interstate Commerce Commission is required to consider ability to pay by 49 USC 11901(i)(2), the Federal Aviation Administration is required to consider ability to pay and ability to continue to do business by 49 USC 1471. The statute governing civil penalties assessed by the Federal Railroad Administration for safety violations provides that civil penalties may be compromised due to extenuating circumstances. However, extenuating circumstances is not defined.

Even if it was not required, the ability to pay and the ability to continue in business would have to be considered. If the nature and extent of violations is serious enough, a penalty that hurts should be assessed. But it would serve no practical purpose to assess a penalty so large that an entity could not pay.

By the same token, we do not believe that many persons would voluntarily agree to a civil penalty so large that it would ruin the business or that would require the selling of the business to settle the claim. If an entity refused to settle such a claim, we would have to request a U.S. Attorney to sue to collect. When it comes to depriving a person of means to make a living, and putting people out of work, unless the violations were of such nature as to almost insure the most serious of consequences, we do not feel that many U. S. Attorneys would support us, nor that many judges would find in favor of the government.

One point that may be worth making regarding the amount of penalties assessed, is that for the most part we are not dealing with large corporate entities with huge or unlimited resources. Among carriers holding authority from the Interstate Commerce Commission, carriers hauling commodities exempt from the Interstate Commerce Commission regulation, and carriers transporting mail under contract with the postal service, (i.e. carriers primarily in the business of providing transportation), approximately 94 percent operate 20 or less power units.

Among the remaining carriers the largest group is private carriers (carriers performing transportation in the furtherance of a commercial enterprise but whose primary business is something other than transportation) and while fleet size may not be an indication of the size of the business, approximately 97 percent of these carriers have fleets of more than 100 power units. In fact, according to our records, of about 220,000 motor carriers, approximately 0.8 percent operate fleets of more than 100 power units.

FRONT AXLE TRUCK BRAKES

Mr. Lehman. More recently we have found that a loophole exists in the BMCS regulations that permits front axle brakes to be removed or disengaged.

Studies by DOT clearly show this practice to be less safe, and NHTSA requires all tractors be manufactured with front axle brakes. In spite of the obvious safety benefits from revising the regulation, it is reported that BMCS is concerned about the cost of retrofitting. According to one account, this is what BMCS has to say:

". . . . restoring brakes could be costly for operators . . . one option would be to grandfather old equipment where it is doubtful that parts still exist."

How would you justify this type of grandfather provision for retrofitting front axle brakes when the trucks you would propose to grandfather are the very ones that are most unsafe? What is your schedule for issuing a proposed rule and then a final rule?

Mr. Landis. The truck brake issue is one that has had a great deal of discussion lately in the media and among the government agencies. Our rule that exists now in the BMCS safety rules and regulations was adopted in 1952 by the Interstate Commerce Commission.

We went back and looked at that record and found that the discussion that was on the record at that time, although we did not review the entire docket, but the discussion of the Commissioners at that time, pretty clearly showed that there were studies and information available in 1952 which made a compelling argument that it was more important to have control of the steerability of the vehicle than to have braking on all wheels.

And that was the rationale that was used by the ICC in 1952 to adopt that rule. There had been no new information or studies brought forward to have BMCS change its position which is a subsequent organization until 1985 when NHTSA completed several studies.

I will back up but in the meantime, in 1980, or NHTSA did, in fact, change its rules as they applied to the manufacture of trucks and required front brakes at time of manufacture.

There was no mechanism, as I can tell, to have BMCS change its rules at that time. And in 1985, again, there were studies done that contradict the arguments that were used in 1952, there is new technology, new information and new studies. And as a result of that, BMCS has entered into rulemaking at the present time. We are in the clearance process now, and we would expect to see an NPRM to rectify this situation in April and final rule by fall sometime.

Mr. **Lehman**. I have talked to two large, successful trucking companies about this problem and they both said the same thing to me.

They both say that they own all of their own tractors as well as their trailers, and that they do not operate any of their tractors with the front brakes backed off. I asked if is this being done, and they said it is being done mostly by the independent tractor owners that contract out to haul.

Apparently there is some kind of a myth, that originated back in 1952, that steering is handicapped by the use of front brake systems.

Mr. **Landis**. Mr. Chairman there have been some studies recently indicating that it may be somewhere in the neighborhood of 10 to 30 percent of vehicles that may have their front brakes removed. And I agree with you that it is a myth and it is certainly one of the problems that have to be overcome in the process of changing a rule like this because there are many drivers out there, operating vehicles that when they first got in a truck and the guy who sat next to them, to teach them how to shift gears, told him, "boy, don't you ever drive a truck with those front brakes on it because it is unsafe". And he has believed for 20 years that it is unsafe for him to operate the vehicle.

And recently one of the local television stations did a series on it and went to one of the truck stops and asked one of the drivers and the drivers said, boy I would not drive a truck with front brakes on it.

Let me address the retrofit question. Because I think that it is important what we are probably going to pursue in the rulemaking is retrofit back to 1980 which would have been the time that NHTSA required trucks to have front brakes. Because I think that it is a serious question of unreasonableness to expect front brakes to be added to a vehicle which did not ever have them. Vehicles manufactured after 1980 had them and they were removed by someone.

Mr. **Lehman**. Or just backed off.

Mr. **Landis**. And I would expect that parts and that kind of thing is probably still available to accomplish this.

RULEMAKING ON FRONT BRAKES

Mr. **Lehman**. And you will have a rulemaking out to that effect?

Mr. **Landis**. That is the direction of the rulemaking and I am sure based on some input that we have had so far, that we will have a great deal of input during the rulemaking process.

Mr. **Lehman**. What is your schedule for this rule?

Mr. **Landis**. It will be out in the notice stage in April and——

Mr. **Lehman**. This year?

Mr. **Landis**. Oh, yes.

PRIMARY ROLE OF BMCS

Mr. **Lehman**. Mr. Landis, it seems as though there is a common thread here. What do you see as the primary role of the Bureau of Motor Carrier Safety—regulation and enforcement of motor carrier safety and protection of the public; or protection and promotion of the trucking industry?

[The information follows:]

The responsibilities of the Department of Transportation include not only the overseeing of a safe national transportation system, but insofar as practical the protection and promotion of all modes of transportation in an effort to ensure an efficient and viable national transportation system for the movement of the Nation's people and products. A strong and efficient transportation system benefits the country's economic system.

When we speak of the protection and promotion of all modes of transportation, we do not mean protecting the weak or inefficient by artificial pricing or a relaxing of safety standards. We see the primary role of the Bureau of Motor Carrier Safety as enforcement of the Federal Motor Carrier Safety and Hazardous Materials Regulations for the protection of commercial motor vehicle drivers and of the public.

TRUCKING DEREGULATION

Mr. **Lehman**. Last fall the administration proposed legislation to further deregulate the trucking industry. The American Trucking Association has responded by saying that deregulation will contribute to a further decline in truck safety. They argue that elimination of all entry requirements and deregulation of rates would allow more undercapitalized truckers and cause more predatory pricing tactics—all of which would show up in lower levels of equipment maintenance.

Over the past several years, since partial deregulation, have you found lower levels of equipment maintenance?

To what extent is ATA's concern with regard to further deregulation valid?

Mr. **Landis**. As far as the deregulation issue, what we have been reviewing for the most part is our accident information and of course, we are aware that the 18 percent increase in 1984 was widely heralded as the great evil of deregulation.

The numbers that we are seeing now for 1985, I think, are much more realistic and balanced. There is an increase but certainly not as dramatic.

What we have done, for the most part, is do comparisons of the accident rates before and after deregulation involving both the regulated and unregulated portions of the industry and we find those rates to remain quite stable.

BMCS SAFETY INSPECTORS

Mr. **Lehman**. One of the few program increases in the total DOT budget is your proposal to double the number of motor carrier safety inspectors from about 150 to about 300 by January 1987. From 1975 to 1980 you increased the number of your safety inspectors 32 percent. Then you undertook various management and program actions to significantly reduce the size of the Bureau of Motor Carrier Safety staff. You actually reduced the number of safety inspectors by 12 percent between fiscal years 1980 and 1983. Why have we seen such a wide fluctuation in your position on BMCS staffing over the past few years?

Mr. **Morgan**. The decrease from 1980 to 1983, and incidentally it has remained constant through 1985, is merely the result of attrition and overall budget crunch. While the safety inspectors were being reduced, approximately 12 percent, the overall Federal Highway Administration employment went down approximately 20 percent. So they took a much less severe cut in the motor carrier safety area than we did overall in the Federal Highway Administration.

And we have, of course, taken steps with the new inspectors to, of course, expand their activities both in the motor carrier safety assistance program and the audit program and the hazardous materials program for the future.

Mr. **Lehman**. How will these 150 additional safety inspectors be used? And by how much will safety audits, inspections and investigations be increased? By how much will the ratios of investigators to carriers and investigators to drivers increase?

You can give us an overall on that and then provide additional details for the record.

Mr. **Landis**. Well, the overall would be that the 150 additional safety inspectors or specialists are going to be used to carry out our audit process of all motor carriers.

Right now, we do audits on approximately 33,000 and the population is going to increase to approximately 220,000 carriers nationwide.

Comparison of ratios is probably not fair at this point. However, I would say that our anticipation of carrier to specialist ratio will be somewhere in the neighborhood of 680 to 700 per individual. In fact, we believe that to be a manageable level.

[The information follows:]

Once the 150 safety specialists complete a five week training course, we plan to use them to conduct safety reviews of carriers that have not been audited or have been assigned conditional or unsatisfactory safety ratings. Depending upon the experience and background of the individual new specialists, we foresee having them assigned to work with experienced specialists until they are familiar with typical motor carrier operations.

The additional 150 safety specialists will more than double our present stength of 138 safety investigators, representing an increase of 208 percent, but we cannot expect the number of audits, investigations, and other activities to double immediately. We will hire 90 this fiscal year with the remaining 60 in fiscal year 1987. Once all are aboard, trained, and experienced, the number of audits, investigations, and other activities will increase proportionately.

As to the ratio of investigators to carriers and drivers, the number of carriers known to be subject to the Federal Motor Carrier Safety Regulations is constantly changing as new carriers commence operations and other carriers go out of business or cease operations. Based on current figures, the additional staff will decrease the ratio of carriers to safety investigators from approximately 1,594 motor carriers per investigator to about 763 carriers per investigator.

It is estimated that there are approximately 4,500,000 drivers subject to the Federal Motor Carrier Safety Regulations. The additional staff will decrease this ratio from approximately 32,608 drivers per investigator to about 15,625 drivers per investigator.

The number of drivers per investigator is not as bad as it might appear. We do conduct driver-vehicle roadside examinations to detect violations, educate carriers in maintenance and inspection procedures, and spot industry trends. We also prosecute drivers for violations. However, the prosecution of a driver results when serious violations occur that are not committed under duress or upon instructions from the driver's employer. Enforcement of the traffic laws governing the safe operation of motor vehicles over the streets and highways is primarily the responsibility of State and local law enforcement agencies.

Our focus is primarily upon the motor carrier: To cause carriers to use care in the selection, training, continued use of, and supervision of drivers to ensure that drivers are properly qualified to safely operate the vehicle assigned, and comply with State and local traffic regulations and the Federal hours of service requirements. We also want to cause carriers to inspect, repair, and maintain their motor vehicles to ensure that those vehicles are equipped with required or necessary parts and accessories for safe operation, and that those parts and accessories are in a safe and proper operating condition.

SAFETY INSPECTOR TRAINING

Mr. LEHMAN. What are your training plans for these 150 additional inspectors—what kind of training is anticipated, does your budget request include additional training funds, and what is the time lag between training and being placed on the job?

Mr. LANDIS. Well, our training process, training program will begin upon hiring people with an academy type of training program, we anticipate five weeks in length at the Transportation Safety Institute in Oklahoma City.

Following that academy type of training, these people will be assigned based on workload, to locations in the country and serve a one year, on-the-job training process with hands on.

There will be no actual time lag between the time they get out of school and the time that they will be working. The time lag will be in their proficiency, of course, because it will take some time for that to get up.

The funding sources for training in 1986 would be through a reprogramming request of our GOE funds and in 1987, it would be funded out of the Highway Trust Fund.

HAZARDOUS MATERIALS STAFF

Mr. LEHMAN. Last year we approved your request for 12 additional positions for BMCS, three of which were to develop national program standards for highway transportation of hazardous materials and nine were to assist states in developing enforcement programs related to hazardous materials. Have you filled these positions?

Mr. LANDIS. Well, we have not filled the positions yet. And we have been working on our reorganizational efforts and our redirection within the Bureau itself. We are developing the job description and position descriptions and we expect to fill those before the end of the fiscal year.

Mr. LEHMAN. You have not started yet?

Mr. LANDIS. Not the actual filling of them, no.

MOTOR CARRIER SAFETY ASSISTANCE PROGRAM

Mr. **Lehman**. You are also proposing a 200 percent increase in the motor carrier safety assistance program—from $17 million to $50 million. Last September, a GAO report on this program found significant management deficiencies. The GAO said this program had:

"No specific goals and objectives; no defined federal and state roles; no established program information needs; no program monitoring mechanisms; and no method to evaluate program performance."

How do you intend to correct these deficiencies?

Mr. **Morgan**. Mr. Chairman, when we appeared before this Committee last year, we discussed with you a task force that we had active that was looking into the organization and operation of the Bureau of Motor Carrier Safety, in conjunction and in partial reaction to the GAO report.

That task force or committee came up with a series of recommendations that were program related that attacked all of the problems that GAO pointed out. We are in the process of implementing each of those and I think that rather than get any more lengthy, we will supply for the record the status of implementation of those recommendations which address the issues raised by GAO.

[The information follows:]

The actions in response to the Motor Carrier Safety Task Force recommendations were relative to establishing the following: a National Motor Carrier Safety program planning system; requirements for preprogram reviews of the Motor Carrier Safety Assistance Program reviews; a comprehensive program review procedure; and enforcement operating procedures.

The Bureau of Motor Carrier Safety headquarters and field staff representatives in coordination with the Office of Management Systems have developed the operating procedures needed to implement each of the Motor Carrier Safety Task Group recommendations. The Federal Highway Administration's Organizational Manual policy and procedural guidelines has been drafted and are in concurrence channels. In the very near future, these guidelines will be distributed to all Federal Highway Administration personnel.

Each of the above Bureau of Motor Carrier Safety actions on the recommendations are summarized below:

A National Motor Carrier Safety Program Planning System—The primary intent of this program is to delineate specific areas of planning responsibilities for each of the three organizational levels of the Bureau of Motor Carrier Safety. These areas of responsibility are designed to enable the Bureau of Motor Carrier Safety Headquarters to articulate broad program goals and objectives and to allow the field maximum flexibility in planning their activities to support national goals and objectives and at the same time address local conditions.

Requirements for the Motor Carrier Safety Assistance Program Preprogram Reviews—This is primarily a written formalization of successful practices that have already been employed in working with the States to achieve the Motor Carrier Safety Assistance Program implementation. These practices generally entail early involvement with the States to ensure that there is sufficient time available to satisfy all requirements and frequent follow-up contacts to monitor progress and resolve problem areas as they occur.

A Comprehensive Program Review Procedure—A program review process has been established for the three Bureau of Motor Carrier Safety organizational levels. There is also a provision for conducting in-depth reviews of specific program activities either to address identified problem areas or as part of a continuing program review process. These in-depth reviews would cross organizational lines by examining the functions of all organizational levels as they pertain to the activity being reviewed. At the officer-in-charge level, the Motor Carrier Safety Assistance reviews would be conducted which would employ progress review techniques to ensure that the activities being performed by the States under Motor Carrier Safety Assistance

Program are being carried out in accordance with Federal requirements. A written procedure for program effectiveness evaluation has also been established. In this procedure, overall Bureau of Motor Carrier Safety mission objectives are quantified, and an assessment is made as to the effectiveness of Bureau of Motor Carrier activities in achieving these objectives.

Enforcement Operating Procedures—New guidelines have been developed prescribing the policies and procedures governing the initiation of enforcement actions following confirmed violation of Federal Motor Carrier Safety and Hazardous Materials Regulations, and Department of Transportation regulations pertaining to the transportation of hazardous substances including wastes. In addition, new penalty assessment guidelines have been issued by the Office of Chief Counsel (11/26/85) for enforcement actions taken by all regional counsels on motor carrier safety enforcement actions. They have been designed to assist in structuring the decisionmaking process of the Federal Highway Administration attorneys in assessing civil forfeiture penalties, and to promote greater consistency and unwarranted disparity among regional counsels in the processing of motor carrier safety cases. Copies of these procedures have been provided to the field staff to assist the safety investigators in the preparation of their enforcement investigations.

IMPLEMENTATION OF GAO MCSAP RECOMMENDATIONS

Mr. LEHMAN. For the record, please identify actions you have taken to correct the problems with the motor carrier safety assistance program identified by GAO, and indicate when we can expect to see each of the five elements fully implemented into the program.

[The information follows:]

Since the Government Accounting Office report, we have established the position of Associate Administrator for Motor Carriers to oversee the motor carrier program including line authority over the Bureau of Motor Carrier Safety field staff. Also, we have issued a comprehensive statement of the Federal Highway Administration policy and program objectives for the Motor Carrier Safety Program. We are revising the fields program guidance by establishment of a new directives system with explicit directions to the field staff in the conduct of field activities, with follow-up by Headquarters' review teams to assure adherence to guidance.

The Department generally agreed that the weaknesses in the program identified by the Government Accounting Office need attention. In summary, the Government Accounting Office recommended that actions be taken to rectify deficiencies in the following areas: better ensure that carriers and shippers posing the greatest safety risk are selected for audit; develop and provide criteria and guidance for preparing safety ratings and determining the appropriate enforcement actions; monitor the processing of enforcement cases, and develop and provide to regional attorneys: (1) criteria for assessing fines and (2) requirements for documenting justification for assessments; and establish the program elements needed to develop the Federal grant program for motor carrier safety.

A new and more comprehensive criteria has been developed for identifying carriers posing the greatest safety risk. These carriers are placed on a priority list for auditing. The Bureau of Motor Carrier Safety also intends to develop selection criteria for shippers of hazardous materials.

The Bureau of Motor Carrier Safety, through a Notice of Proposed Rulemaking is revising and refining the procedures to be used in evaluating a carrier's level of compliance with the Federal Motor Carrier Safety Regulations and the Hazardous Materials Regulations when applicable. Although the field staff member recommends a safety rating, the final safety rating is assigned by Washington Headquarters after considering other relevant information contained in the computerized management information system. Guidelines with respect to the appropriate enforcement actions have been developed and will be issued in the field staff manual.

Investigation reports prepared with evidence for prosecution are tracked by entry into our computerized management information system. Various dates of action are entered as action is taken from the date the investigation is initiated or assigned, until a resulting case is finally closed with the result of final action shown.

The Bureau of Motor Carrier Safety and the Office of Chief Counsel have adopted guidelines utilizing a shortened format for the processing of vehicle defect enforcement actions resulting from special driver/vehicle roadside examinations. This procedure is expected to expedite enforcement actions in this area. In addition, new penalty assessment guidelines have been issued by the office of Chief Counsel for enforcement actions taken by all regional counsels on motor carrier safety enforcement actions. They have been designed to assist in structuring the decisionmaking process of the Federal Highway Administration attorneys in assessing civil forfeiture penalties, and to promote greater consistency and unwarranted disparity among regional counsels in the processing of motor carrier safety cases. Copies of these procedures have been provided to the field staff to assist the safety investigators in the preparation of their enforcement investigations.

We have developed a process review and grant management course which has been completed by every regional professional and every Officer-in-Charge at the State level. A State Programs Division has been established at Washington Headquarters.

GAO MCSAP RECOMMENDATIONS

Mr. LEHMAN. In that same report, GAO also recommended that you take action to:

"Better ensure that carriers and shippers posing the greatest safety risk are selected for audit; develop and provide criteria and guidance for preparing safety ratings and determining the appropriate enforcement actions; and monitor the processing of enforcement cases, develop and provide regional attorneys (a) criteria for assessing fines and (b) requirements for documenting justifications for assessments."

What corrective actions are you taking in each of these areas?

[The information follows:]

The Bureau of Motor Carrier Safety has been criticized by the General Accounting Office (September 5, 1985) for having insufficient guidelines to the field to ensure uniform conduct and information on safety audits. We agreed with this criticism and have been developing new guidelines.

The draft proposed guidelines set specific steps to evaluate a carrier's compliance based on the number of parts of the Federal Motor Carrier Safety Regulations that are found to be marginal or unacceptable. The draft guidelines state that a carrier rated conditional can submit in writing a plan to improve compliance. If the auditor judges this to be a "sincere effort," the rating can be changed to satisfactory.

If this option is not chosen by the carrier, under the draft guidelines, a safety investigation will be performed within 12 months to re-evaluate those areas found to be "marginal" or "unacceptable."

The Bureau of Motor Carrier Safety field staff has been supplied with lists of carriers that are recommended for safety management audits. These lists are referred to as the selection criteria list. A motor carrier is placed on the list if he meets one or more of seven predetermined criteria. Each criteria is assigned a weighting factor, these weights are summed for each carrier, and the list is printed by order of the weighted sum. The field staff is directed to, when possible, audit those carriers with the higher weighted sum.

For Fiscal Year 1986, the seven national criteria are the only determiners for inclusion on the selection criteria list. This ensures uniformity throughout in all Regions. In prior years, the individual Regions were able to identify additional criteria to support their individual emphasis areas.

The criteria are aimed at identifying those carriers with the greatest safety risks and those with the greatest potential for catastrophic accidents.

A summary of the criteria is as follows:

Criteria	*Weight*
1. Carrier's accident ratio above national average	4
2. Previous safety fitness rating is unsatisfactory	5
3. Previous safety fitness rating is conditional	1
4. Carrier of bulk hazardous material w/o audit since 1983	4
5. Carrier of hazardous waste w/o audit since 1982	5
6. Carrier with high out-of-service roadside inspections	3
7. Carriers experiencing "preventable" accidents	5

Using these criteria, 17,000 carriers are on the selection list. The Bureau of Motor Carrier Safety is considering further refinements to this list to develop a shorter list of the carriers with the most serious safety offenses.

The Notice of Proposed Rulemaking on Safety Fitness Determinations proposes that the Bureau of Motor Carrier Safety will audit carriers with unsatisfactory or provisional unsatisfactory ratings within 6 months. The selection criteria will have to be revised to be consistent with the final rule and currently available resources.

MCSAP OBLIGATIONS

Mr. **Lehman**. For each of fiscal years 1985 and 1986 we appropriated a total of $30.3 million for the motor carrier safety grant program. How much of this money has been obligated?

Mr. **Landis**. That appropriation was $14 million in 1985 and $16.3 million in 1986, which includes the Gramm-Rudman-Hollings reduction. We obligated a total of $12.1 million in 1985 and estimate $19.8 million for fiscal year 1986.

MCSAP-STATE PARTICPATION

Mr. **Lehman**. Are all the states now participating in the motor carrier safety grant program and if not, which ones are not currently participating and why?

I have read that some states, for example Texas and Utah, are not participating in the grant programs because of concerns about the increased costs of adopting or meeting the federal safety standard.

Are these concerns justified, and if they are, would the proposed 200 percent increase in the program be sufficient to alleviate their concerns?

Mr. **Landis**. Mr. Chairman, I would like to submit for the record, the specific states that are and are not participating in the program. And add to that, that we have not received reports as indicated by the Christian Science Monitor that anybody is having difficulty paying for the program. It is a program that receives money, not essentially pays it out and in the case of Utah, that state has an active program already working in this area.

Mr. **Lehman**. You said you would submit for the record those states not participating?

Mr. **Landis**. Yes, I will.

[The information follows:]

The State of Texas elected not to participate in the grants in Fiscal Year 1986 because its legislature does not meet until Fiscal Year 1987, at which time Texas will submit the statutory requirements for the legislature to adopt the Federal Motor Carrier Safety Regulations and Hazardous Material Regulations while it is in a development grant status. The State anticipates passage of the regulations and intends to apply for an implementation grant in Fiscal Year 1988.

The State of Florida lacks statutory authority, but has made inquiries through our regional and division offices and is gearing up to apply for a development grant in Fiscal Year 1987, while it seeks to pass the necessary statutory authority through the legislature.

The State of New Mexico was in a development status in Fiscal Years 1984 and 1985. However, a change of administration hindered further progress of the State's motor carrier safety program and the new administration elected not to participate in Fiscal Year 1986 until the program could be evaluated. We are working with the new administration through our Division Office and expect the State to rejoin the Motor Carrier Safety Assistance Program effort in Fiscal Year 1987.

Alaska and Wyoming are unsettled as to their participation in the program. Wyoming has a State operated motor carrier safety program similar to ours, but the State remains uncommitted to a national uniform effort. Alaska has chosen not to participate thus far and does not have the statutory provision required.

Our Division and Regional offices are continuing to work with the States and encourage their consideration to join the Federal uniform safety effort.

Mr. **Lehman**. Would you also explain what you think the problem is; it is not a money problem apparently?

Mr. **Landis**. In our experience the problem is related to the state's ability to meet the requirements of the statute, which requires them to have rules and regulations in place that are the same or essentially similar to the Federal regulations. Texas is a good example; they simply do not have them and cannot statutorily participate. Though, most states are trying to resolve that issue.

Mr. **Morgan**. Mr. Chairman, it is also a money problem because of the way the funds are now they are subject to annual appropriation process and with all due respect, this is a manpower program and requires hiring people and some of the states are reluctant to hire additional staff to carry out the program unless they are assured funding from year to year in order to maintain and train quality people.

That is why we are requesting contract authority for the program.

MCSAP RECOMMENDATIONS

Mr. **Lehman**. What we want to do is to make this program work. Could you put something in the record as to what your recommendations are as far as this Committee is concerned, and how we can best help? Let us know.

[The information follows:]

States are reluctant to hire personnel in a given year as the States perceive no assurances that the level of funding will be maintained. States accordingly tend to recruit a minimum staff and place emphasis on equipment acquisition.

The contract authority would allow multiyear planning by States with some confidence that those plans could be carried out because funding levels would be reasonably assured for future years.

We have issued, as a policy in our guidelines for the conduct of the Motor Carrier Safety Assistance Program that the primary functions to be performed under the Motor Carrier Safety Assistance Program grants are uniform roadside driver-vehicle inspections, investigations, and terminal safety management audits with follow-up enforcement action. Consequently, the major costs associated with this program will be compensation and expenses of the personnel required to perform this function and include the costs of recruitment, hiring, training, salaries and fringe benefits, and supervision of the personnel.

In pursuit of this goal, States have submitted applications which contain narratives implying a reluctance to hire personnel in a given year of a grant if the State cannot be assured that the level of grant funding will be maintained in order to sustain the personnel costs associated with further staffing. We cannot give the State a positive assurance that the grant level will equal or increase to support more hiring due to annual appropriations uncertainties. Consequently, States hire as few personnel as it can to fulfill program obligations and place more emphasis on equipment purchases to justify a level of funding.

FY 1987 STATE PARTICIPATION

Mr. **Lehman**. Apparently you don't anticipate a 100 percent participation rate in the motor carrier safety assistance program for fiscal year 1987?

Mr. **Landis**. We hope so, but we do not anticipate it.

DOT SAFETY TASK FORCE

Mr. **Lehman**. Sixteen months ago the Secretary formed a safety task force to review all safety programs administered by DOT. The task force recently completed a review of the programs that regulate the transportation of hazardous materials. What were the major findings of that review?

Did any of the recommendations involve programs or activities under the jurisdiction of the Office of Motor Carrier Safety and if so, what actions have you taken to implement the recommendations?

Mr. LANDIS. The recommendations were quite extensive, but basically dealt with our cooperation with RSPA and their activities and our activities. We have, I think, a long record supporting our involvement in their rulemaking efforts and many of the recent rules we are doing jointly. We are also entering into a cooperative hazardous materials enforcement program involving the states and this is a joint program with RSPA and the Federal Highway Administration and is working very well.

Mr. LEHMAN. Would you put in the record your specific recommendations and how they affect motor carrier safety?

Mr. LANDIS. I would be more than happy to, Mr. Chairman.

[The information follows:]

The Federal Highway Administration is committed to the continued coordination and cooperation with Research and Special Programs Administration in the matters of Hazardous Materials Regulations and enforcement.

This positive approach helps assure uniform, consistent and effective regulatory development and enforcement. The Hazardous Materials Intermodal Coordination Committee, comprised of representatives from the Federal Highway Administration, Federal Railroad Administration, Federal Aviation Administration, Coast Guard, and Research and Special Programs Administration, meets on a regularly scheduled basis. This Committee's purpose is to discuss and resolve regulatory, interpretative and enforcement matters. Additionally, we have a program called the Cooperative Hazardous Materials Enforcement Development Program which was established as a joint effort between the Federal Highway Administration, the Research and Special Programs Administration, and the States to foster uniform adoption, understanding and enforcement of the Hazardous Materials Regulations. The four regional meetings currently being presented are examples of this program's efforts.

UNIFORM INSPECTION STANDARDS

Mr. LEHMAN. What is the status of your rulemaking to establish uniform national commercial vehicle inspection standards—I believe the final rule was expected to have been published last January?

Mr. LANDIS. Mr. Chairman, I am not exactly sure which rulemaking you are speaking to in the question. If it is the comparison of the rules that we have with the states, that is a much longer range project and a safety review panel has been put into place and have had two organizational meetings and a contractor has been retained to do that comparison process.

So, if that is the one that you are referring to, it is certainly well underway.

NATIONAL DRIVERS LICENSE

Mr. LEHMAN. That is the one that we are asking about.

Senator Danforth has introduced new truck and bus safety legislation that would, among other things, create a national driver's license for commercial vehicle operators to be issued by the Secretary of Transportation.

Industry groups and other organizations support a single and classified driver licensing approach that would permit licensing by only one state for the type of vehicle on which they have been tested.

What approach do you support?

Mr. **Barnhart**. We have not finalized our position on that. Certainly there are lots of elements of his proposal that make good sense. And those that do, obviously we will be supporting.

Mr. **Lehman**. Certainly you do not support the multiple driver's licenses?

Mr. **Barnhart**. That is exactly right.

But it is a complicated issue, it truly is and we just have not finalized our position on it.

Mr. **Lehman**. Do you think that you will be able to give us some kind of a policy statement?

Mr. **Barnhart**. Well, of course the Secretary, this would be under the direction of the Secretary and I really cannot give you a timeframe. I would be glad to notify you.

Mr. **Lehman**. As soon as you know something?

Mr. **Barnhart**. Yes, sir.

TRUCK DRIVER COMPETENCY TESTING

Mr. **Lehman**. Do any states currently require truck driver competency testing, and if so, for what types of trucks? Do any states require special testing for drivers transporting hazardous materials?

Mr. **Barnhart**. Certainly but there is laxity in there and everytime that we talk about states' rights, why that raises up another flag, because I think that some states are derelict in their licensing, however, that is another issue we are in the process of working with, with the committee that we funded on uniformity and working with the individual states.

NATIONAL DRIVERS REGISTER

Mr. **Lehman**. What is the status of the National Drivers Register [NDR] and when do you anticipate its being fully on line?

[The information follows:]

The National Highway Traffic Safety Administration is conducting the National Drivers Register activity and have provided us this schedule information.

The schedule for the National Drivers Register was developed after consultation with several States, the National Driver Register Advisory Committee, Department of Transportation personnel and contractor technical experts. National Highway Traffic Safety Administration staff also briefed several congressional staff members as well as Congressman James L. Oberstar, one of the sponsors of the 1982 legislation. The schedule as proposed includes the following key dates:

Select Pilot States, April 1986.
Begin Live Production (Pilot Test), August 1987.
Complete Pilot Test, August 1988.
Submit Evaluation Report to Congress, February 1989.

The Task to select the pilot States is on schedule. In the meantime, National Highway Traffic Safety Administration has already taken several steps to speedup service to the States. Next-day service is now being offered as an alternative to the two-week mail service. Twelve States are now using this method, and ten others are expected to be using it by mid-1986. Also, an on-line electronic connection to the National Driver Register computer is now being developed that will respond as fast as the planned pointer system, except that the information will come from the existing file. This "rapid response" technology will be offered to interested States soon thereafter. This will also expedite the future rate of conversion of States to the new pointer system in that it will establish the computer linkup connections required for the new system.

NDR IMPROVEMENTS

Mr. **LEHMAN**. There is reported concern that the new electronic National Drivers Register is already inadequate even though it is still in the pilot stage. Are you aware of such concerns and are they justified?

If so, how could the NDR be improved and at what cost?

[The information follows:]

According to the National Highway Traffic Safety Administration, improvements to the National Driver Register are being made in several stages and are outlined as follows:

Permanent Improvement—Problem Driver Pointer System—Several States are now being evaluated to participate in a 4-State pilot test. Selection of the pilot States is scheduled for April 1986. Operational start-up for the pilot test is scheduled for mid-1987. Drivers for interstate trucking companies will be allowed to request National Driver Register file checks through those States operating under the Problem Driver Pointer System. However, a driver can only submit such a request through the State in which he is employed or seeking employment. Upon successful completion of this pilot test and the legislatively mandated Report to Congress, a full Problem Driver Pointer System can then be offered to those States desiring this service. At this stage of the pilot test, an estimated start date for a full system cannot be made; and Reconsideration of the Driver License Abstract Request feature is in progress.

Interim Improvements:

An overnight service called Remote Job Entry whereby States can send inquiries to the National Driver Register over normal telephone lines and receive replies the next day, eliminating the 2-week delay. Twelve States are now using this method for communicating with the National Driver Register and ten more are expected to be using this method by the summer of 1986.

An on-line computer connection to the existing National Driver Register file called the Rapid Response System which will respond as fast as planned for the Problem Driver Pointer System, but limited to information of the State of record. One State is working cooperatively with the National Driver Register to test the Rapid Response System. Upon completion by the latter part of this fiscal year (1986), this service will be offered to States needing an immediate response. The Rapid Response System and the Remote Job Entry service are building blocks toward the Problem Driver Pointer System since both will establish electronic communications between the National Driver Register and the States. The improvements being made are incorporated in the present budget and no additional costs are anticipated at this time.

DRUG AND ALCOHOL RULES

Mr. **LEHMAN**. Last summer both the Federal Aviation Administration and the Federal Railroad Administration approved new rules on drug and alcohol use and testing of both applicants and employees of airlines and railroads.

I understand revisions to existing alcohol and drug use regulations governing interstate truck and bus drivers are now under consideration.

What revisions to the current regulations are you considering, and what is the timetable for issuing a proposed revision to the existing federal regulations?

Mr. **LANDIS**. We plan to publish a final rule probably in April which will prohibit the use of drugs as opposed to the physical dependency on drugs as is currently required in the driver qualification area. We will also be proposing through NPRM other revisions to the driver qualification standards as part of our repromulgation of the regulations.

It will specifically deal with the operators of vehicles laden with hazardous materials. And in that rule we likely expect to have a requirement that drug testing provisions be included, at least in the NPRM.

ON-BOARD BMCS STAFF

Mr. LEHMAN. How many field auditors and investigators does the Bureau of Motor Carrier Safety have on board? What is the current ratio of motor carriers and of truckers to field staff, and how does that compare to the ratio over the last four years?

[The information follows:]

The Bureau of Motor Carrier Safety currently has on board 138 field safety investigators. There are approximately 220,000 motor carrier entities subject to the jurisdiction of the Bureau of Motor Carrier Safety who operate an estimated 4 million motor vehicles and employ some 4.5 million drivers. The current ratio of safety investigators to truck drivers is 1 to 32,600. The ratios of safety investigators to motor carrier entities and shippers of hazardous materials for the current year and the four prior years is shown in the following table:

	Fiscal year				
	1982	1983	1984	1985	1986
Total carriers	187,900	192,800	208,400	211,000	220,000
Total H/M Shippers	17,400	19,000	20,000	21,000	22,000
Total entities	205,300	211,000	228,000	233,000	242,000
Safety Investigators	145	140	138	132	138
Ratio staff to entities	1:1,416	1:1,513	1:1,659	1:1,771	1:1,753
Ratio staff to drivers	1:30,568	1:32,482	1:36,932	1:37,878	1:32,608

ROADSIDE INSPECTIONS

Mr. LEHMAN. Please provide for the record, for 1978 through 1985, the number of roadside inspections, safety audits and investigations made by your staff, the number of enforcement cases brought and the fines collected.

[The information follows:]

	Fiscal year							
	1978	1979	1980	1981	1982	1983	1984	1985
Number of driver/vehicle inspections	25,705	26,080	31,875	40,747	35,825	26,015	22,590	16,046
Number of safety audits	6,987	6,941	7,093	9,640	12,095	11,666	13,037	10,492
Number of investigations	1,612	1,855	1,424	1,885	1,570	1,511	1,731	2,316
Number of enforcement case reports [1]	234	306	402	417	322	461	474	739
Amount of funds collected	253,330	862,725	1,195,848	1,138,700	711,802	447,731	[2] 795,805	788,916

[1] These amounts represent cases prosecuted and closed.

[2] It is estimated that approximately 30 percent of the cases prepared in fiscal year 1985 are still in litigation and are not reflected in these totals.

MOTOR CARRIER SAFETY GRANT APPORTIONMENTS

Mr. Lehman. For the record, please update the information provided on pages 1131 through 1133 of last year's hearing record that shows the states that received motor carrier safety grants, and the amounts they received.

Please provide the actual amount for fiscal years 1985 to 1986 to date, and the estimate for all of fiscal year 1987.

[The information follows:]

Status of FY '85 MCSAP Applications

DEVELOPMENT GRANTS

STATES	RECOMMENDED APPROVED AMT.
Alabama	$42,228
Arkansas	50,000
District of Colunbia	50,000
Guam	50,000
Hawaii	32,000
Louisiana	50,000
Maine	50,000
Massachusetts	50,000
Mississippi	44,400
Nebraska	50,000
New Jersey	50,000
New Mexico	50,000
New York	50,000
Puerto Rico	50,000
Rhode Island	45,280
Samoa	50,000
South Dakota	50,000
Texas	48,000
Vermont	49,600
Virgin Islands	50,000
Virginia	50,000
TOTAL DEVELOPMENT	$1,011,508

IMPLEMENTATION GRANTS

STATES	RECOMMENDED APPROVAL AMT.
Arizona	$ 278,992
California	1,250,000
Colorado	247,627
Connecticut	213,013
Delaware	111,082
Georgia	275,102
Idaho	357,012
Illinois	1,122,452
Indiana	511,069
Iowa	472,338
Kansas	301,382
Maryland	281,713
Michigan	623,788
Minnesota	782,936
Missouri	539,808
Montana	337,500
Nevada	225,000
New Hampshire	153,113
North Carolina	571,739
North Dakota	197,360
Ohio	589,541
Oregon	573,007
Pennsylvania	570,524
Tennessee	563,296
Utah	357,012
Washington	402,073
West Virginia	102,843
Wisconsin	253,141
TOTAL IMPLEMENTATION	$12,264,463

STATES NOT PARTICIPATING:

Alaska
Florida
Oklahoma
South Carolina
Northern Marianas
Wyoming
Kentucky*

*Kentucky withdrew its Implementation application for $482,006.

Status of FY '86 MCSAP Application to Date

DEVELOPMENT GRANTS

	STATE	RECOMMENDED APPROVED AMOUNT
1.	Alabama	$50,000
2.	Mississippi	50,000
3.	Nebraska	50,000
4.	New Jersey	50,000
5.	Oklahoma	50,000
6.	Rhode Island	40,000
7.	Vermont	49,600
8.	District of Columbia	50,000
9.	Virgin Islands	50,000
10.	Guam	50,000
11.	American Samoa	50,000
12.	Hawaii	40,000
TOTAL DEVELOPMENT		$579,600

IMPLEMENTATION GRANTS

	STATE	RECOMMENDED APPROVED AMOUNT
1.	Arizona	$ 462,992
2.	Arkansas	225,000
3.	California	1,250,000
4.	Colorado	358,579
5.	Connecticut	225,000
6.	Delaware	225,000
7.	Georgia	408,403
8.	Idaho	671,012
9.	Illinois	1,250,000
10.	Indiana	511,069
11.	Iowa	472,338
12.	Kansas	301,382
13.	Kentucky	225,898
14.	Louisiana	233,555
15.	Maine	225,000
16.	Maryland	281,713
17.	Massachusetts	225,000
18.	Michigan	884,163
19.	Minnesota	887,238
20.	Missouri	626,534
21.	Montana	315,000
22.	Nevada	225,000
23.	New Hampshire	185,820
24.	New York	538,581
25.	North Carolina	621,739
26.	North Dakota	224,926
27.	Ohio	813,322
28.	Oregon	623,007
29.	Pennsylvania	570,524
30.	Puerto Rico	150,000
31.	South Carolina	225,000
32.	South Dakota	186,278
33.	Tennessee	808,458
34.	Utah	357,012
35.	Virginia	279,501
36.	Washington	507,943
37.	West Virginia	104,552
38.	Wisconsin	278,224
TOTAL IMPLEMENTATION		$16,964,763

TOTAL (DEVELOPMENT AND IMPLEMENTATION $17,544,363

STATES NOT PARTICIPATING:

Alaska
Florida
New Mexico
Northern Marianas
Texas
Wyoming

Estimated for all
Status of FY '87 MCSAP Application

STATE	Allocation Based on 50 Million
Alabama	700,188
Alaska	468,750
Arizona	871,850
Arkansas	482,888
California	3,428,506
Colorado	531,175
Connecticut	468,750
Delaware	468,750
District of Columbia	468,750
Florida	1,521,097
Georgia	989,919
Hawaii	468,750
Idaho	703,125
Illinois	2,850,113
Indiana	1,086,497
Iowa	930,875
Kansas	724,331
Kentucky	955,000
Louisiana	651,897
Maine	468,750
Maryland	555,319
Massachusetts	603,609
Michigan	1,231,366
Minnesota	1,543,266
Mississippi	468,750
Missouri	1,686,900
Montana	703,125
Nebraska	482,888
Nevada	703,125
New Hampshire	468,750
New Jersey	893,344
New Mexico	468,750
New York	1,569,388
North Carolina	1,727,147
North Dakota	468,750
Ohio	1,496,953
Oklahoma	772,619
Oregon	1,129,538
Pennsylvania	1,448,666
Rhode Island	468,750
South Carolina	531,175
South Dakota	468,750
Tennessee	1,110,306
Texas	2,800,753
Utah	703,125
Vermont	468,750
Virginia	820,909
Washington	868,078
West Virginia	468,750
Wisconsin	796,766
Wyoming	468,750
Puerto Rico	468,750
Virgin Islands	468,750
Guam	468,750
American Samoa	468,750
Northern Marianas	468,750
TOTAL	49,975,822

BMCS WORKLOAD DATA

Mr. LEHMAN. Please provide an update for the record of the chart on page 1134 of last year's hearing record that shows principal work activities of the motor carrier safety program.

[The information follows:]

FEDERAL HIGHWAY ADMINISTRATION, PRINCIPAL WORK ACTIVITIES IN MOTOR CARRIER SAFETY PROGRAM

	1984	1985
Safety Management Activities:		
Safety management audits at carrier facility	4,555	3,690
Safety management audit, hazardous materials carriers	2,706	2,224
Safety management audits, hazardous materials shippers	2,520	1,916
Hazardous material incident investigation	149	141
Cargo tank manufacturer's audit [1]	3	18
Financial responsibility audit [1]	1,743	2,644
Roadside driver/equipment examination truck	20,990	14,827
Out-of-service vehicles	6,064	5,384
Roadside driver/equipment examination bus	1,600	1,174
Out-of-service buses	101	109
Out-of-service drivers (truck and bus)	2,517	1,804
Exterior noise examination [2]		
Interior noise examination [2]		
Extended runs examined [2]		
Cargo security reviews [2]		
Enforcement Activities:		
Case reports	1,368	1,881
Litigation testimony [2]		
Evidence obtained for States [2]		
Civil forfeiture proceedings	124	
Investigation of carrier accidents:		
Accidents investigation	85	32
Carrier accident reports review	36,093	
Hazardous material incident report review	4,307	
Calendar Year 1984		
Technical assistance and safety education:		
New carriers served regulations [2]		
Hazardous materials notification [2]		
Assist states and government agencies	6,798	3,753
Safety and hazardous materials meeting	608	553

[1] Work items added to program.

[2] Work items are no longer quantified.

Note: Center headquarters activities: This work is not susceptible to quantification but includes development, promulgation, and interpretation of regulations, carrier accident report processing and statistical analysis, safety fitness reporting to the administrative support and program direction.

TRUCK ACCIDENT STATISTICS

Mr. LEHMAN. Please update for the record the two tables on page 1135 of last year's hearing record that show accidents reported to the Bureau of Motor Carrier Safety.

[The information follows:]

TRUCK ACCIDENTS REPORTED TO BUREAU OF MOTOR CARRIER SAFETY 1978 TO 1984

	1978	1979	1980	1981	1982	1983	1984
Accidents	33,998	35,541	31,389	32,306	31,759	31,628	36,328
Fatalities	2,998	3,072	2,528	2,810	2,479	2,528	2,721
Injuries	32,757	32,126	27,149	28,533	25,779	26,692	29,149

TRUCK ACCIDENTS REPORTED TO BUREAU OF MOTOR CARRIER SAFETY 1974 TO 1984

Calendar year	Fatal accidents	Fatalities	Injury accidents	Injuries	Property damage accidents	Total accidents
1974	1,956	2,429	16,050	26,911	7,353	25,359
1975	1,754	2,232	15,491	26,374	7,029	24,274
1976	1,970	2,520	16,144	26,794	7,552	25,666
1977	2,286	2,878	18,168	31,006	9,482	29,936
1978	2,441	2,998	19,830	32,757	11,727	33,998
1979	2,528	3,072	19,605	32,126	13,408	35,541
1980	2,061	2,528	16,957	27,149	12,371	31,389
1981	2,191	2,810	17,062	28,553	13,053	32,306
1982	2,006	2,488	16,206	25,779	13,799	31,759
1983	2,064	2,528	16,199	26,692	13,365	31,628
1984	2,197	2,721	17,791	29,149	16,866	36,328

TRUCK ACCIDENTS

Mr. **Lehman**. For the record, please provide information for 1980 through 1985 showing the number of total reportable truck accidents per million vehicle miles of travel, fatal truck accidents per million vehicle miles of travel, and injury accidents per million vehicle miles of travel.

[The information follows:]

We do not have mileage data for the years 1980 and 1981, however, we do have a sampling for the years 1982 through 1985. Based on those samplings these are the results:

	1982	1983	1984	1985
Accidents per million miles	1.25	1.15	1.22	1.31
Fatalities per 100 million miles	9.81	9.16	8.22	7.24
Injuries per million miles	0.70	0.66	0.68	0.65

Accidents counts maintained by the Bureau of Motor Carrier Safety include reported accidents that results in the death or injury of a person, or total damage to all property in the amount of $2,000 or more. While inflation has slowed in recent years, it is probable that some property damage accidents reported in recent years would not have been reportable in prior years. New regulations have raised the reporting limit to $4,200, if this limit had been in effect in 1985–8,300 of 36,854 reported accidents would not have been reportable.

JUSTIFICATIONS

FY 1987 OBLIGATIONS

Mr. **Lehman**. You are requesting a fiscal year obligation limitation of $12.42 million with all previously exempt programs except emergency relief and minimum allocation subject to the limitation.

What is the obligation level expected for all previously exempt programs for fiscal year 1987?

[The information follows:]

The estimated FY 1987 obligation level for the programs previously exempt from the Federal-aid Highways obligation limitation but which are proposed to be included in the FY 1987 limitation is $11 million.

OBLIGATIONS TO DATE

Mr. **Lehman**. How much have the states obligated against the current fiscal year obligation limitation and how much do you estimate will be obligated each month until the end of the fiscal year?

[The information follows:]

As of February 28, 1986, the States had obligated $6.4 billion of the FY 1986 obligation limitation of $12.2 billion, as revised pursuant to the provisions of P.L. 99-177. It is anticipated that the States will obligate the full limitation by September 30, 1986. In order to acheive this, the States must collectively obligate at an average rate of $835 million per month for the remaining 7 months of FY 1986.

EFFECTS OF GRAMM-RUDMAN-HOLLINGS

Mr. **Lehman**. Will the combined effects of the Gramm-Rudman-Hollings fiscal year 1986 sequestration and a faster than average rate of obligations for the first quarter of fiscal year 1986 by some states result in any state running up against its ceiling prematurely?

[The information follows:]

Yes, the combined effects of the Gramm-Rudman-Hollings FY 1986 sequestration of about $548 million in obligational authority and the faster than average rate for obligating funds have resulted in Georgia, Nevada, and Pennsylvania reaching their FY 1986 obligation ceiling by March 1, 1986. There is no indication that other States will run up against the ceiling prematurely.

Mr. **Lehman**. Mr. Pursell, would you continue with the questioning?

Mr. **Pursell**. Certainly, Mr. Chairman.

LIQUIDATING CASH

Mr. **Pursell**. With the Fiscal Year 1986 obligation and outlay reductions required under Gramm-Rudman-Hollings, will you need the full $13.8 billion requested for fiscal year 1986 federal-aid highway liquidating cash?

Mr. **Morgan**. We only anticipate an outlay reduction this year of some $94 million so that we will need the whole 13.8 less just that small amount.

REDISTRIBUTION OF OBLIGATION AUTHORITY

Mr. **Pursell**. Last August you were required to redistribute unobligated obligation authority under the limitation. Provide for the record a breakdown of the actual redistributions made in August of 1985.

[The information follows:]

U.S. Department of Transportation, Federal Highway Administration, Redistribution of Fiscal Year 1985 Obligation Authority Pursuant to Public Law 98-473

State	*Amount*
Alabama	$81,076
Alaska	6,447,068
Arizona	4,939,235
Arkansas	3,162,499
California	46,264,910
Colorado	2,564,549
Delaware	3,594,250
Florida	12,977,993
Georgia	8,966,222
Idaho	3,765,564
Illinois	24,556,850
Iowa	10,829,214
Kansas	7,048,916
Kentucky	16,526,800
Maine	2,650,645
Maryland	9,725,002
Michigan	10,186,984
Minnesota	19,015,555
Mississippi	5,561,292
Missouri	12,395,780
Montana	4,985,564
Nebraska	2,249,278
Nevada	6,349,608
New Hampshire	5,156,706
New Mexico	4,864,200
North Carolina	6,837,519
North Dakota	1,654,754
Ohio	15,633,470
Oregon	5,488,624
Pennsylvania	24,821,789
Rhode Island	3,275,797
South Carolina	6,335,000
South Dakota	2,837,812
Tennessee	13,466,537
Texas	14,147,827
Utah	3,791,143
Virginia	17,312,817
Washington	8,497,639
West Virginia	1,930,170
Wisconsin	2,614,734
Wyoming	4,508,306
Territories	73,402
Total	368,093,100

PROPOSED MCSAP FUNDING

Mr. PURSELL. On page 2 of your justification, why are proposing that the motor carrier safety grant program be funded as a set-aside from the proposed interstate/primary program rather than from the general fund as it is currently funded?

Mr. MORGAN. We believe the success of the motor carrier safety assistance program rests or depends on getting the assured funding and contract authority. We further believe it should be a trust-funded program because it does have to do with the entire highway safety issue, commercial motor vehicle safety.

Therefore, with both a necessity for contract authority and assured funding, and a strong relationship with the overall highway program, we believe trust-funding is justified.

Mr. **Pursell**. Also, why are you proposing a change in funding for the motor carrier safety program from its current general fund status?

Mr. **Morgan**. Because there the program they will be administering hopefully will be a trust-funded program. We feel that their GOE—type costs should be trust funded also.

EXCLUSIONS FROM DISTRIBUTION

Mr. **Pursell**. On page 3 why are you proposing to exclude the highway and transit block grant program, the motor carrier safety grant program and the strategic highway research program from the distribution of the obligation limitation?

By how much would this reduce the available limitation for the remaining programs?

[The information follows:]

We are proposing to reserve from the FY 1987 obligation ceiling $2.2 billion for the highway portion of the block grant, $50 million for the Motor Carrier Safety Grant program and the approximately $30 million that will result from the one-quarter percent takedown for the Strategic Highway Research program. These amounts plus the set aside for administration and Federal Lands will leave about $9.7 billion in unreserved ceiling for the remainder of the program.

The set aside for the block grant is necessary since the funds are considered obligated when distributed, unlike other Federal-aid funds, which are not committed until obligated at some point in time after apportionment. The set aside for the Strategic Highway Research program reflects our dedication to intense research in critical areas. The motor carrier safety grant funds are reserved because we believe there is an urgent need for emphasis on this safety area.

STAFFING CHANGES

Mr. **Pursell**. On page 3 you show a reduction of 102 full time equivalent workyears for fiscal year 1987. Will these reductions be made in headquarters, your field offices, or both, and in what program areas do you intend to make these reductions?

Mr. **Morgan**. The major portion of those reductions, Mr. Pursell, had to do with a study or an effort to privatize our laboratory, our research facility, the Turner-Fairbank Research Facility.

PROPOSED TURNER-FAIRBANK PRIVATIZATION

Mr. **Pursell**. How many employees are out there?

Mr **Morgan**. Approxmately 158 engaged in varying parts of the highway program are housed out there.

Mr. **Pursell**. You're going to reduce that level to what?

Mr. **Morgan**. Well, the budget reflects a 158 reduction. We are doing a study on the feasibility of privatizing certain elements of our R&D function. The reduction won't be 158, quite frankly. There's not 158 people out there directly engaged in research.

Mr. **Wolf**. Would the gentleman yield? What will you be doing with the reduction? Move them around?

Mr. **Morgan**. No, sir. We haven't really found out what the extent of the reduction is, but the reduction—moving them around would be a solution, but it really doesn't—if we have to get down 158 FTE's, moving them around isn't the answer.

158 FTE's would have to disappear, if the study would indicate that it's feasible.

Mr. **Wolf**. I would hope that you would keep me informed on what you're going to do.

Mr. **Morgan**. We would be more than happy to. Of course, the net reduction, as you point out, was 102, so there's some increases because of the BMCS increase in safety inspectors, and in some other offsets due to A-76-type reviews and so forth.

But the major part of the decrease is the 158.

Mr. **Pursell**. Will you have to RIF any employees or can these reductions be achieved through normal attrition?

Also, what is your normal attrition rate?

[The information follows:]

As in response to an earlier question, we are currently conducting a feasibility study to determine if additional functions now performed by the staff of the Offices of Research, Development, and Technology can properly be privatized. We cannot determine if it will be necessary to RIF any employees until completion of the feasibility study and subsequent decisions regarding the appropriate privatization actions. Our preference has always been to achieve necessary reductions through attrition. However, achieving the reductions through attrition would be complicated by the need to place the specialized scientific and engineering staffs of the Offices of Research, Development, and Technology. So far this fiscal year, the annual attrition rate is projected to average about 7% of our full-time permanent staff. That is about the same rate we have experienced the past two years.

PRIVATIZATION DOLLAR SAVINGS

Mr. **Pursell**. What will be the dollar savings attributable to your full-time equivalent reductions?

[The information follows:].

There will be no dollar savings associated with the privatization of the research facility. The salary dollars related to the reduced FTE's will be transferred to other objects of expense for anticipated contracting costs.

PROPOSED SAFETY INSPECTOR INCREASES

Mr. **Pursell**. You are proposing to hire an additional 150 safety specialists by January 1987, doubling the current number of safety inspectors. You also propose to begin this hiring in the current fiscal year pending our approval of your request to reprogram administrative transfer funds.

Please summarize how you intend to use the safety specialists, and indicate how many would be located in the field and how many in the headquarters?

Mr. **Morgan**. Most all of them would be in the field. We don't have a final breakdown yet. We would be glad to supply that to you when we reach agreement on where they're going to be housed.

[The information follows:]

After an initial training period of approximately 5 weeks, the new safety specialists will work with senior safety personnel for on-the-job practical application of the training they received in monitoring motor carriers for compliance with the Federal Motor Carrier Safety Regulations. A shift in the emphasis of the our safety program will target our resources and efforts to those carriers with safety problems regardless of the size of the carrier. The key to this program will be an improved data management system that will integrate State inspection data, accident reports, and Federal inspection data. A significant addition to this data system will be the information collected through the Safety Fitness Determinations on the approximately 185,000 motor carriers that have never been audited by the Bureau of Motor Carrier Safety. Through this integrated data system, we will identify problem and high risk carriers and contact them to offer educational and technical assistance to correct their safety management practices. However, for those carriers that continue to operate unsafely, we will send in a team of safety specialists to do an in-depth enforcement audit of their records and facilities and will quickly proceed with civil or criminal penalties for violations.

All of the new hires will be assigned to field locations and are projected to be assigned to the regions and States as shown on the attachment. These assignments represent our preliminary assessment based on expected case load. We can anticipate some variations to this location list as we progress. Washington Headquarters is presently coordinating with the Regional Directors of Motor Carrier Safety as to where the trainees will be assigned in each State.

State	*Additional S/I's*
Region 1:	
Connecticut	2
Maine	2
Massachusetts	4
New Hampshire	1
New Jersey	6
New York	7
Rhode Island	1
Vermont	0
Puerto Rico	0
Total	23
Region 3:	
Delaware	0
Maryland/DC	1
Pennsylvania	6
Virginia	3
West Virginia	1
Total	11
Region 4:	
Alabama	3
Florida	6
Georgia	5
Kentucky	3
Mississippi	3
North Carolina	3
South Carolina	1
Tennessee	3
Total	27
Region 5:	
Illinois	8
Indiana	4
Minnesota	4
Michigan	5
Ohio	5
Wisconsin	4
Total	30
Region 6:	
Arkansas	2
Louisiana	3
Oklahoma	3
Texas	8
New Mexico	1
Total	17
Region 7:	
Iowa	3
Kansas	3
Missouri	5

State	*Additional S/I's*
Nebraska	2
Total	13
Region 8:	
Colorado	2
Montana	0
North Dakota	1
South Dakota	1
Utah	1
Wyoming	0
Total	5
Region 9:	
Arizona	3
California	14
Hawaii	0
Nevada	0
Total	17
Region 10:	
Alaska	0
Idaho	1
Oregon	3
Washington	3
Total	7

SAFETY SPECIALISTS ON BOARD

Mr. PURSELL. How many safety inspectors or specialists are currently on board and how many do you estimate would be on board at the end of this fiscal year?

Mr. MORGAN. There's approximately 140 in the field right now. We would expect to pick up 90 this fiscal year, and the remaining 60 the next fiscal year.

LOCATION OF SAFETY SPECIALISTS

Mr. PURSELL. Where are they generally housed when they are in the field? In the regional headquarters?

Mr. MORGAN. We have some in the regions; most are actually in the states, in the individual states.

Mr. PURSELL. In the various transportation offices?

Mr. MORGAN. Yes, sir.

Mr. PURSELL. State highway commissions?

Mr. MORGAN. State capitals and we have some offices in the states where there is a major carrier population.

NUMBER OF SAFETY SPECIALISTS

Mr. PURSELL. What is the total number of safety inspector positions that you would have by adding the additional 150 positions?

[The information follows:]

The total number of safety specialist positions will be 288.

COST OF PROPOSED SAFETY INSPECTOR INCREASES

Mr. PURSELL. You currently have 283 positions authorized for the motor carrier safety account and are asking that approval of the reprogramming request also constitute an increase of 90 positions in the 1986 authorized position level for this program.

What would be the increase in costs for fiscal year 1986 associated with 90 additional inspectors?

Mr. MORGAN. I believe it's $1.6 million.

Mr. PURSELL. You are proposing to fund the salaries and related expenses of the inspectors from the $1.601 million administrative transfer to the general operating expenses account. Will the general operating expenses account have to absorb the loss of the $1.6 million transfer by adjusting programs under that account, and if so, where will adjustments be made?

Mr. MORGAN. No, sir, we wouldn't have to reduce because of not transferring $1.6 million. The $1.6 million would have to be made up out of trust funds, out of the administrative account carryover in Federal-aid.

Mr. PURSELL. So this fund wouldn't be depleted by $1.6 million?

Mr. MORGAN. No, sir.

FY 1987 BMCS ADMINISTRATIVE TRANSFER

Mr. PURSELL. Under the Gramm-Rudman-Hollings sequestration the reduced administrative transfer is $1.532 million. Does your fiscal year 1987 request reflect this reduced amount, or the $1.601 million?

[The information follows:]

Both our proposed legislation and our budget propose to finance the Bureau of Motor Carrier Safety from the Highway Trust Fund beginning in FY 1987. In the past, the primary objective of including an administrative transfer amount in this account was to insure the integrity of the HTF; i.e., the HTF should not pay for programs authorized to be funded from the general fund. Since the Bureau of Motor Carrier Safety is to be funded from the HTF in FY 1987 there is no longer a reason to provide for the administrative transfer. Therefore, our FY 1987 budget request for the BMCS does not include any funds for administrative transfer.

ON-BOARD EMPLOYMENT

Mr. PURSELL. Update for the record the on-board employment information on page 1153 of last year's hearing record.

[The information follows:]

The following reflects the on-board employment as of 2/28/86. Distribution of end of year employment for fiscal year 1987 cannot be determined at this time.

Activity	*Number*
Program direction and coordination:	
(a) Executive Direction	16
(b) Program Review	5
(c) Legal Services	38
(d) Public Affairs	4
(e) Civil Rights	17
General program support:	
(a) Policy	101
(b) Research and Development	149
(c) Administration	237
(d) Career development	69
Highway programs:	
(a) Engineering and Program Development	202
(b) ROW and Environment	63
(c) Safety and Operations	61
(d) Motor Carrier Safety	57

Activity	Number
Field operations	2,222
Total	3,241

PROPOSED TURNER-FAIRBANK PRIVATIZATION

Mr. **Pursell**. How will your proposed privatization of the Turner-Fairbank research facility be accomplished—would it require a change in your authorizing legislation?

Mr. **Morgan**. No, sir, not that I'm aware of.

Mr. **Pursell**. But you're not sure?

Mr. **Morgan**. No, sir. I'm not. We'll check into it and let you know.

[The information follows:]

The proposed privatization of the FHMA (Turner-Fairbank) research facility by contract with a non-Federal entity does not require a change in authorizing legislation. Section 307 of title 23, U.S. Code (1982) provides adequate authority to perform any or all of our research function by contract, since it states that we "may carry out the authority granted hereby, association, institution, corporation (profit or nonprofit), or any other organization, or person."

PRIVATIZATION COST SAVINGS

Mr. **Pursell**. In what areas and how much are the cost savings associated with the privatization of the Turner-Fairbank research facility? What are the net cost savings after contracting out to the private sector for the operations of the research facility?

Mr. **Morgan**. We don't know. At this time we have a statement of work where we're asking a contractor to look into the whole privatization issue. Our budget reflects a reduction in salaries because of the one fifty eight FTE reduction, and an offsetting increase in other objects for contracting out.

But whether it would actually be an even-Steven or not, we don't know until, or we won't know until the study is complete.

TURNER-FAIRBANK PRIVATIZATION STUDY

Mr. **Pursell**. When will the study be completed?

Mr. **Morgan**. We talking about close to the end of this fiscal year.

Mr. **Pursell**. Is this an internal study?

Mr. **Morgan** We're contracting it out. We wouldn't let the fox in the henhouse.

Mr. **Pursell** You're recommending contracting out the operation of your research facility and you will contract out a study of it as well. It sounds as though anybody that's on the outside would recommend the same action.

Mr. **Barnhart**. We've already significantly contracted out that operation.

TURNER-FAIRBANK OPERATION

Mr. **Pursell**. You've been doing that?

Mr. **Barnhart**. Yes, sir, we certainly have.

Mr. **Phillips**. Maybe I can address that. The privatization issue, as you all know, was where OMB recommended to DOT that we do make good faith effort to look into further privatizing the operation out at Turner-Fairbank in McLean, Virgnia.

Currently, we do have 158 FTE's on staff, but this includes not only the research personnel, but also the National Highway Institute, which is a training organization, also the Office of Implementation.

We have developed a work plan, scope of work, that was submitted by Mr. Barnhart the day before yesterday to DOT, and we would anticipate that the study would be underway within the next month or so, and hopefully as was said here it would be completed by the end of the fiscal year.

But obviously, we can't make any decisions until the study is completed.

But over the years, as we have developed the laboratories out at Turner-Fairbank, and currently we have 15 active laboratories, and we'll be adding a 16th on pavement monitoring this year. But to give you an example, 42 of the staff that are out at Turner-Fairbank are support staff, via the consultant route, the privatization route. And what they do is they provide data collection in the laboratories, the 15 existing laboratories that we have out there.

Mr. **Pursell**. They're individual contractors?

Mr. **Phillips**. They're individual contractors. Some come in only when it's time to set up an experiment, collect the data, and then the data is turned over to the professionals, and an analysis is made.

But it's equivalent to 42 FTE's per year.

Mr. **Pursell**. Is there any redundancy in this area, any duplication? Or is this a single research center that serves not only us as an agency, but all the states as well?

Mr. **Phillips**. It really serves the national program. If you look at how much money is going into the national highway research, there's about $90 million, of which $20 million is out at the Turner-Fairbank for contracts. The remaining money comes from the Highway Trust Fund, either under the HPR program, the one and a half percent program, and hopefully in fiscal year 1987 we'll also have the SHRP program which will be an additional $30 million.

PRIVATIZATION EFFECTS

Mr. **Wolf** Would the gentleman yield? I understand you haven't made the study, and you don't know what it's going to say until you do it, and that won't be till the end of the year.

Is there a chance that you'd be closing Turner-Fairbank down?

Mr. **Phillips**. No, that's really not the issue. The issue is simply to do a good-faith effort as to the feasibility of further privatizing just the Turner-Fairbank facility, but not closing it down.

Mr. **Wolf**. But when you say privatizing, could you explain that to me?

Mr. **Barnhart**. Having private contractors, as opposed to Federal employees.

Mr. **Wolf**. But would they come in and use the facility?

Mr. **Barnhart**. Yes.

Mr. **Phillips**. Conceivably. It could be a government-owned contractor-operated facility.

Mr. **Wolf**. But the facility would stay?

Mr. **Phillips**. The facility would stay and serve the same purpose.

I might just add that because this is out, it's had an initial negative impact on some of our really outstanding research personnel, and I have lost, for instance, my top chemist as of next month. And it's kind of interesting that he's been with us for more than 15 years and he's going to go to the private sector. As a matter of fact, he's going to go to the Asphalt Institute, and he's going to get paid about 40 percent more than we've been able to pay under the Federal government.

Mr. **Wolf**. Well, I know you have an awful lot of good people out there. I've been through the facility. It's clear and I guess the record ought to show that you haven't made your mind up to do this.

Mr. **Barnhart**. That's correct.

Mr. **Wolf**. And I think maybe——

Mr. **Phillips**. Well, we are going to make the study. We're going to make a good-faith effort.

Mr. **Wolf**. But you haven't made your mind up to privatize?

Mr. **Phillips**. No, sir.

Mr. **Markoff**. The study will be addressing the feasibility and the pros and cons and the economics of privatizing, versus retaining the function internally.

Mr. **Wolf**. If you could keep me informed on that.

Mr. **Phillips**. Yes, sir.

TOTAL ANNUAL COSTS TURNER-FAIRBANK

Mr. **Pursell**. Please provide for the record a table similar to the one on page 1168 of last year's hearing record that shows the total annual cost of the Turner-Fairbank Research Center.

Please provide the actual costs for fiscal years 1984 and 1985 and an estimate for fiscal year 1986.

[The information follows:]

TOTAL ANNUAL COSTS FOR TURNER-FAIRBANK HIGHWAY RESEARCH CENTER

[In millions]

	Actual FY 1984	Actual FY 1985	Estimated FY 1986
1. Facilities operation, maintenance, and alterations	2.074	1.613	1.656
2. Personnel	[1] 7.256	[1] 7.286	[2] 7.972
3. Equipment, supplies and R&D services [3]	2.141	1.519	[4] 1.007
4. On-site support cost estimates to operate laboratories	1.667	1.982	3.027
	13.138	12.400	13.662

[1] Includes personnel costs for two branches from the Demonstration Projects Division, Office of Highway Operations. National Highway Institute personnel costs not included.

[2] Both Demonstration Projects Division and National Highway Institute personnel costs are included. The National Highway Institute will move to the Turner-Fairbank Highway Research Center in April 1986.

[3] Does not include on-site support services.

[4] After Gramm-Rudman cuts

HIGHWAY SAFETY RESEARCH AND DEVELOPMENT

Mr. **Pursell**. On page 4 you are requesting $7.0 million for the highway safety research and development account—a $1.5 million reduction from the fiscal year 1986 amount before sequestration and a $.6 million reduction from the fiscal year 1986 amount after sequestration.

According to your justification, the reduction would offset the staffing increase in the motor carrier safety program. In what research areas will you make reductions? What research activities will you have to defer or forego?

Mr. **Phillips**. Well, we don't anticipate really deferring anything. But if you recall, we actually have two separate research accounts. One is highway safety, and the other is R&D highways. And highway safety over the years has been running about eight and a half to nine million dollars a year, while the other research activities have been running around twelve or thirteen million a year.

If you add up the total of the two requests, $7 million under safety and the $15 million under R&D highways, it comes up to an amount a little greater than what we currently have today for the fiscal year 1986 program.

And because we're limited to spend safety money only on safety activities, and there's a multitude of other highway research needs, such as pavements, bridges, traffic ops, highway ops, as well as planning, all this does is give us more flexibility to put the money where the needs are the greatest.

GENERAL OPERATING EXPENSES

Mr. **Pursell**. The proposed limitation on general operating expenses is $206.2 million—$2.4 million above the fiscal year 1986 level prior to sequestration and $11.2 million above the fiscal year 1986 level after sequestration. How much of your proposed $11.2 million increase is just a restoration of the 1986 Gramm-Rudman cut?

Mr. **Morgan**. The 1987 budget GOE account was developed without consideration of the 1986 cut. Approximately $6.9 million increase is due to adjustments to base; the others are due to increases in the various no-year programs.

Mr. **Pursell**. At the close of fiscal year 1984 you carried over $2.443 million in unobligated funds for contract and no-year programs under the limitation on GOE, and at the close of fiscal year 1985 you carried over $8.995 million.

Why was this carryover so large, and how confident are you that you will be able to obligate this amount and the current year amount by the end of fiscal year 1986 so that no funds will be carried over into fiscal year 1987?

[The information follows:]

A significant portion of the total unobligated balance is attributable to the Bonding Demonstration which we were unable to get underway in FY 1985. The remaining balance is the result of time consuming procedures inherent to the contracting process. Every effort will be made to utilize all of the no-year funds available in FY 1986.

The following summarizes the unobligated balances by program:

	($000's)
R&D highways	$889
Highway safety R&D	1,033
Skill training	503
Minority business enterprise	1,268
Bonding demonstration program	5,000
Interjurisdictional trucking program	45
Cost allocation study	3
National accident sampling system	34
Rural transportation asst. prog.	167
Facility HRC	8
Commodity flow study	45
	8,995

GOE—OBLIGATIONS TO DATE

Mr. **Pursell.** What were your obligations for contract programs under the limitation on GOE for the first six months of this fiscal year?

[The information follows:]

As of February 28, 1986, the obligations for contract programs totalled $12.627 million.

FY 1987 DEMONSTRATION PROGRAM

Mr. **Pursell.** Your fiscal year 1986 budget for the demonstration projects program is well below prior years; however, for fiscal year 1987 you are requesting $2.97 million, a restoration to prior year levels.

What demonstration projects have been deferred during the current fiscal year, and in what areas and on what projects do you intend to focus your efforts during fiscal year 1987?

Mr. **Leathers.** We'll furnish you the details for the record, Mr. Congressman, but we have actually terminated two projects. We have delayed until the 1987 fiscal year four projects, and taken 14 more projects, and had reduced levels of effort.

So we spread it across the board, and we're trying to prioritize our most needed activities.

Mr. **Pursell.** Could you give us those details for the record?

[The information follows:]

The reduced fiscal year 1986 budget for the Demonstration Projects Program will have the following effects on individual demonstration projects.

Projects Terminated

- Epoxy Thermoplastic Pavement Marking Material
- Prestressed Concrete Pavement

The pavement marking project has been an active project for 5 years and had been planned for termination in fiscal year 1987. Because of the high cost of leasing the needed heavy equipment to apply the material and the retirement of the skilled technicians necessary to operate the equipment, it was decided that now would be an opportune time to terminate this project. In addition, several contractors in the private sector are currently engaged in pavement marking operations that apply this new material. This was one of the main objectives of this project. Termination of this project 1 year early should not have a severe negative impact on this use of this material.

The prestressed concrete pavement project was terminated because other techniques of pavement construction and rehabilitation have now proven to be more promising and less costly.

Projects Delayed Until Fiscal Year 1987

- Ground Modification Systems
- Freeway Incident Management
- Rapid Testing Procedures
- Sealing of Flexible Pavement Cracks

Delaying these projects for 1 year should not have a severe negative impact on furthering the use of these technologies. The last three listed projects were only planned for developmental work in fiscal year 1986. Increased emphasis will be placed on these projects in fiscal year 1987 to keep their development on schedule.

Projects With Reduced Levels of Effort:

- Permanent Ground Anchors
- Maryland Continuous Beam Design
- Recycled Portland Cement Concrete Pavement
- Bridge Deck Repair
- Fly Ash
- Concrete Pavement Restoration - CPR
- Cathodic Protection of Substructures
- Polymer Concrete
- Bridge Inspection Techniques
- Thin-Bonded Portland Cement Concrete Overlays
- Protective Coatings for Structural Steel
- Pre-cast Bridge Decks
- Highway Safety Appurtenances
- Joint Sealers of Portland Cement Concrete

Of the 14 above listed projects, 5 were originally planned for termination in the near future and 4 were only in the developing stage. Reducing levels of effort on these projects should not have a severe negative impact on furthering the use of these technologies.

Projects Not Effected:

- Safety Traffic Barrier
- Railroad Grade Crossing Improvement
- Highway Drainage Design
- Pavement Evaluation Equipment
- Weigh-In-Motion
- Cathodic Protection for Bridge Decks
- Design and Construction of Pile Foundations
- Improved Asphalt Mix Design
- Microcomputers in Construction Management
- Asphalt Additives
- Pavement Rehabilitation Techniques
- Bridge Deck Protection Systems
- Pavement Instrumentation
- Ground Modification Systems

The above listed projects are related to high emphasis areas of need and will not be effected by the reduced budget.

FISCAL YEAR 1987 ACTIVITIES

High emphasis areas of fiscal year 1986 will continue to be addressed in fiscal year 1987. These include pavements, bridges, and safety.

In the pavement area, materials, equipment, and techniques used in rehabilitation activities will continue to be addressed. Newer products used as additives to cement and asphalt will be promoted as well as improved design and mixing methods and procedures. Promotion of new and improved pavement monitoring equipment will intensify as the need to collect pavement condition information becomes increasingly more important as a result of the Strategic Highway Research Program.

A new demonstration project to promote the use of weigh-in-motion equipment is planned for announcement. Use of this new technology will enable States to develop more realistic pavement designs based on a more accurate count and realistic forecast of loadings.

In the area of structures, emphasis on a newly announced demonstration project on bridge management will continue to get high priority. In addition, cathodic protection of bridge decks should be in sufficient use around the Nation that de-emphasis would be in order and redirected at its use to now protect the substructure element of the bridge. A new project in that area is planned. A new project on bridge inspection is also planned for announcement. This project will demonstrate the latest methods, techniques, and equipment available for use in an effective bridge inspection program. Other areas relative to bridges such as protective coating for structural steel and precast structures will continue from fiscal year 1986.

Highway safety continues as an emphasis area in our promotion of new technology. Efforts in fiscal year 1987 will continue in the areas of traffic barriers, railroad grade crossing improvements, various types of highway safety appurtenances, and roadway delineation. A new project is planned that will address safety in construction and maintenance zones. A growing number of new and improved materials and techniques used to enhance safety at the work site are currently being developed. A demonstration project that would incorporate these new developments should prove to be quite effective.

In addition to the above discussed high emphasis areas, demonstration projects will continue and new ones developed that address technology in other areas relative to maintenance of highways and bridges, use of microcomputers in various highway related applications, traffic operations, and improved sampling and testing of materials.

PORTLAND CEMENT CONCRETE RECYCLING

Mr. **Pursell**. Under the energy conservation and environmental protection category of demonstration projects, you indicate that savings of up to $20,000 per lane mile have been achieved with portland cement concrete recycling. How many miles of portland cement concrete pavement are on the federal-aid system, and what is your estimate of the total mileage of portland cement concrete?

Are the states that have substantial miles of portland cement concrete pavement using this technique?

[The information follows:]

There are approximately 65,000 miles of portland cement concrete pavements on the Federal-aid system. That figure represents approximately 7.7 percent of the total system mileage.

There are approximately 126,000 miles of portland cement concrete pavements on the roads in this country. That figure represents approximately 3.3 percent of the total mileage.

Because the recycling of portland cement concrete pavements is still considered new technology, it is not being employed to any substantial degree in any of the States. Use of new technology always takes time. The recycling of portland cement concrete pavements is expected to increase as shortages of quality local aggregates develop and as more and more pavements reach the need for some form of rehabilitation.

SAFETY AND TRAFFIC CONTROL DEMONSTRATION

Mr. **Pursell**. I note that under your highway safety and traffic control section of demonstration projects, one of your most popular demonstration projects was presented over 100 times to over 4,000 highway personnel.

Then the entire presentation was video-taped and distributed to all states for their use in continual training of highway personnel. Are you using this video-taping technique for other demonstration projects and is this a cost-effective tool for demonstrating and promoting new technologies?

Mr. **Leathers**. Yes, we are using video-tape. And we have a very active program in the computerization of the entire highway program which includes video-taping. We find it very effective, and to some degree a reduction in cost to us.

Mr. **Pursell**. Where would your reductions show up? In travel?

Mr. **Leathers**. In travel and personnel, and being tied up at that particular time.

TEN LARGEST CONTRACTORS

Mr. **Pursell**. Please update for the record the list of your ten largest contractors which appeared on page 1168 of last year's hearing record.

[The information follows:]

FHWA/RD&T 10 Largest Contractors

[Cost in thousands of dollars]

1. Analysis Group, Inc	$1,545
2. Engineering, Inc	850
3. National Academy of Sciences	847
4. SRA Technologies, Inc	762
5. JHK and Associates	562
6. Transportation Systems Center	540
7. Texas A&M Research Foundation	515

8. GEO Resources	492
9. ENSCO, Inc	469
10. University of Illinois	455

IN-HOUSE RESEARCH PROJECTS

Mr. PURSELL. Please update for the record the list on page 1168 and 1169 of last year's hearing record showing major in-house research projects scheduled for completion in fiscal year 1986 as well as those you plan to initiate in 1986 and 1987, including the cost of each.

[The information follows:]

In-House Research

I. IN-HOUSE RESEARCH COMPLETED IN FISCAL YEAR 1986

Title	*Total cost*
Multi-turn rectangular loop sensitivity	$4,700
Quantification of urban freeway congestion and benefits of remedial measures	10,000
Improved technique for sensing vehicle axles	17,500
Evaluation of variable aspect sign conspicuity	9,400
Loglinear modeling and accident analyses	21,000
Evaluation of test dummies	10,000
Scale model facility development	34,000
Recognition of stop signs based on reflectivity properties	30,000
Modified RR/highway crossing pavement marking and crossbuck border	15,000
Estimate of freeway incident delay	2,000
Development of a portable friction-texture meter	67,000
Evaluation of asphalt aggregate stripping tests	140,000
Follow-up study of Dulles Airport prestressed pavement	11,000

II. NEW IN-HOUSE STUDIES STARTED IN FISCAL YEAR 1986

Title	*Total cost*
Multi-turn rectangular loop sensitivity	$4,700
Assessment of changeable message sign technology	20,000
Quantification of urban freeway congestion and benefits of remedial measures	10,000
Improved macroscopic simulation of congested flow	8,000
Loglinear modeling and accident analyses	21,000
Evaluation of test dummies	10,000
Recognition of stop signs based on reflectivity properties	30,000
Estimate of freeway incident delay	2,000
Fatigue strength of fiber composite cables	26,000
Analysis of pavement deflections	65,000

III. IN-HOUSE STUDIES PLANNED FOR FISCAL YEAR 1987

Title	*Total cost*
Assessment of development of I–V navigational and motorist information systems	$12,000
Routing consistency	14,000
Safety program for elderly pedestrians	16,500
Application of Bayesian statistics to highway safety analysis	15,000
Urban freeway truck study	13,000
Definition of free-flow speed	5,000

HIGHWAY SAFETY, RESEARCH AND DEVELOPMENT ACCOMPLISHMENTS

Mr. PURSELL. What was the most significant accomplishment of your highway safety research and development program during the past year?

Mr. PHILLIPS. I can go into a couple of areas. The first one I'd like to talk about is safety. It has to do with roadside hardware. The weakest link in the roadside hardware is the terminal preceeding the guiderail. And we have had problems with a break-away cable terminal. And because of some of the research, we have modified that significantly in order to make it more safe for the smaller type vehicle upon impact.

In the area of design, we have come up with a new design for pre-stressed concrete girders which makes it more competitive for other types of designs. It's structurally more efficient, and it's also economically competitive with, let's say, steel girders, and it's because we've come up with a new mix that allows the compressive strength exceeding, let's say, 10,000 psi.

And the last activity was an investigation that we made out in the western part of the country where several of the states had a rutting problem, particularly in their asphalt pavements.

So we went out and did a study and we concluded that if they would improve upon their mix design, as well as their materials control, they could proceed and eliminate this rutting problem.

MINORITY BUSINESS ENTERPRISE—OBLIGATIONS TO DATE

Mr. PURSELL. Turn to the minority business enterprise program. How much have you obligated to date during fiscal year 1986 for this program?

[The information follows:]

FY 1986 FIRST QUARTER REPORT OF THE FEDERAL- AID

DBE AWARDS AND COMMITMENTS

STATE	FY 1986 DBE GOAL (%)	1ST QTR FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS (No.)	$(1000)	% ACHIEVED	PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS (No.)	$(1000)
ALABAMA	10.0	$37,354	70	$4,291	11.5	51	$2,079
ALASKA	10.0	3,850	3	113	2.9	3	508
ARIZONA	10.0	17,613	21	1,921	10.9	29	3,394
ARKANSAS	10.0	36,623	47	5,177	14.1	26	3,278
CALIFORNIA	13.0	119,451	257	19,651	16.5	344	16,181
COLORADO	10.0	46,164	41	2,384	5.2	45	2,345
CONNECTICUT	10.0	10,362	23	1,600	15.4	22	2,300
D.C.	35.0	308	2	83	26.8	3	84
DELAWARE	10.0	11,604	13	1,053	9.1	13	1,053
FLORIDA	10.0	52,879	40	5,065	9.6	92	12,170
GEORGIA	10.0	175,276	50	17,199	9.8	67	24,805
HAWAII	10.0	0	0	0	0.0	0	0
IDAHO	10.0	12,915	23	1,628	12.6	16	758
ILLINOIS	10.0	75,647	127	7,517	9.9	141	8,207
INDIANA	10.0	63,267	190	7,603	12.0	120	3,039
IOWA	10.0	43,301	127	5,240	12.1	36	1,863
KANSAS	10.0	34,675	66	4,764	13.7	56	3,971
KENTUCKY	10.0	15,544	9	1,375	8.8	9	1,375
LOUISIANA	10.0	94,737	23	8,847	9.3	21	2,233
MAINE	6.0	3,239	4	331	10.2	12	787
MARYLAND	10.0	42,182	41	4,348	10.3	42	2,739
MASSACHUSETTS	10.0	21,870	20	2,838	13.0	11	2,454
MICHIGAN	10.0	50,418	34	6,486	12.9	80	7,706
MINNESOTA	10.0	11,247	10	782	7.0	10	782
MISSISSIPPI	10.0	45,069	28	9,879	21.9	45	8,854
MISSOURI	10.0	83,533	82	10,191	12.2	72	8,704
MONTANA	6.0	24,440	17	1,812	7.4	28	1,591
NEBRASKA	10.0	36,042	32	3,232	9.6	10	905
NEVADA	10.0	11,631	15	1,251	10.8	13	2,276
NEW HAMPSHIRE	10.0	9,146	5	1,782	19.5	4	1,371
NEW JERSEY	10.0	71,680	35	9,399	13.1	27	4,972
NEW MEXICO	11.3	35,615	25	3,032	8.5	11	701
NEW YORK	12.0	129,948	69	19,347	14.9	74	14,836
NORTH CAROLINA	10.0	62,665	41	5,655	9.0	86	1,979
NORTH DAKOTA	8.0	9,714	19	672	6.9	21	580
OHIO	10.0	162,967	73	8,133	5.0	73	8,133
OKLAHOMA	10.0	42,274	21	5,857	13.9	25	6,013
OREGON	10.0	38,440	45	3,421	8.9	28	905
PENNSYLVANIA	10.0	139,469	164	13,677	9.8	87	3,888
PUERTO RICO	30.0	1,121	8	182	16.2	4	28
RHODE ISLAND	10.0	4,821	8	429	8.9	8	429
SOUTH CAROLINA	10.0	21,493	23	2,134	9.9	44	2,755
SOUTH DAKOTA	10.0	11,151	22	1,108	9.9	26	1,496
TENNESSEE	10.0	48,277	46	6,663	13.8	16	1,363
TEXAS	10.0	228,241	114	34,794	15.2	81	17,308
UTAH	10.0	18,798	27	2,231	11.9	23	2,312
VERMONT	10.0	11,208	21	4,956	44.2	6	1,391
VIRGINIA	10.0	31,788	36	4,190	13.2	37	5,613
WASHINGTON	10.0	38,134	23	4,481	11.7	39	4,415
WEST VIRGINIA	10.0	70,195	50	5,000	7.1	2	198
WISCONSIN	10.0	9,313	47	891	9.6	162	2,701
WYOMING	5.5	15,176	16	1,522	10.0	10	311
TOTALS:		$2,392,876	2,353	$276,216	11.5	2,303	$210,334

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FY 1986 FIRST QUARTER REPORT OF THE FEDERAL- AID

WBE AWARDS AND COMMITMENTS

STATE	FY 1986 WBE GOAL (%)	1ST QTR FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS (No.)	$(1000)	% ACHIEVED	PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS (No.)	$(1000)
ALABAMA	1.0	$37,354	4	$32	0.1	9	$571
ALASKA	2.0	3,850	1	4	0.1	2	140
ARIZONA	1.75	17,613	14	744	4.2	13	1,214
ARKANSAS	1.0	36,623	18	578	1.6	6	277
CALIFORNIA	3.0	119,451	130	2,963	2.5	155	3,853
COLORADO	6.0	46,164	44	3,068	6.6	36	3,263
CONNECTICUT	1.0	10,362	22	882	8.5	30	1,175
D.C.	2.0	308	0	0	0.0	1	2
DELAWARE	1.0	11,604	17	258	2.2	17	258
FLORIDA	2.0	52,879	29	1,380	2.6	44	1,510
GEORGIA	0.5	175,276	8	205	0.1	11	3,839
HAWAII	1.5	0	0	0	0.0	0	0
IDAHO	1.0	12,915	7	154	1.2	12	125
ILLINOIS	3.5	75,647	48	1,258	1.7	55	1,457
INDIANA	3.0	63,267	44	1,247	2.0	26	897
IOWA	2.5	43,301	10	720	1.7	5	150
KANSAS	2.0	34,675	45	1,270	3.7	32	615
KENTUCKY	5.0	15,544	7	624	4.0	7	624
LOUISIANA	1.0	94,737	14	930	1.0	11	553
MAINE	4.0	3,239	5	173	5.4	14	205
MARYLAND	3.0	42,182	30	977	2.3	29	692
MASSACHUSETTS	1.0	21,870	18	1,819	8.3	7	1,575
MICHIGAN	5.0	50,418	32	3,195	6.3	116	3,922
MINNESOTA	2.0	11,247	8	157	1.4	8	157
MISSISSIPPI	2.0	45,069	32	1,353	3.0	77	1,198
MISSOURI	2.0	83,533	65	2,951	3.5	59	3,007
MONTANA	1.5	24,440	10	291	1.2	13	263
NEBRASKA	1.9	36,042	11	327	0.9	8	241
NEVADA	1.0	11,631	8	358	3.1	7	1,073
NEW HAMPSHIRE	4.0	9,146	12	3,383	37.0	11	3,457
NEW JERSEY	4.0	71,680	25	4,337	6.0	33	1,323
NEW MEXICO	0.7	35,615	5	265	0.7	5	185
NEW YORK	2.0	129,948	46	4,615	3.6	39	1,985
NORTH CAROLINA	1.0	62,665	13	726	1.2	22	813
NORTH DAKOTA	5.0	9,714	22	2,280	23.5	45	2,473
OHIO	4.0	162,967	16	1,976	1.2	16	1,976
OKLAHOMA	2.0	42,274	1	9	.0	3	134
OREGON	2.0	38,440	42	1,297	3.4	19	763
PENNSYLVANIA	2.0	139,469	71	2,971	2.1	15	585
PUERTO RICO	1.0	1,121	0	0	0.0	0	0
RHODE ISLAND	1.0	4,821	11	55	1.1	11	55
SOUTH CAROLINA	1.25	21,493	2	24	0.1	6	106
SOUTH DAKOTA	2.0	11,151	17	2,704	24.2	13	2,467
TENNESSEE	1.5	48,277	12	841	1.7	3	397
TEXAS	0.75	228,241	37	3,606	1.6	57	4,515
UTAH	6.5	18,798	6	274	1.5	10	545
VERMONT	3.0	11,208	1	523	4.7	8	680
VIRGINIA	1.0	31,708	15	282	0.9	20	411
WASHINGTON	3.0	38,134	20	1,367	3.6	22	1,449
WEST VIRGINIA	3.0	70,195	4	219	0.3	2	107
WISCONSIN	3.0	9,313	32	751	8.1	31	663
WYOMING	2.5	15,176	3	80	0.5	3	42
TOTALS:		$2,392,076	1,094	$60,505	2.5	1,224	$57,980

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TRAINING AND SUPPORTIVE SERVICES

Mr. Pursell. You are proposing to increase the DBE program by almost $1.5 million to $10 million. Under accomplishments planned for fiscal year 1987 you refer to training and supportive services assistance. Would you please provide some additional details on what types of training and supportive services assistance you have planned?

[The information follows:]

Title 23 USC 140(c) authorized the Secretary to deduct an amount not to exceed $10M from the appropriation for the Federal-aid system to develop, conduct, and administer training and assistance programs for minority businesses. In FY 85, the amount available to be allocated for minority business enterprise supportive services was reduced to $8.5 million due to internal reprogramming to support the Demonstration Bonding Program mandated in P.L. 98-473. The FY 86 and 87 request for $10 million seeks to restore funding for this program to its original level.

The types of training and supportive services assistance planned for minority business enterprises include:

1. Services relating to identification, prequalification, and certification assistance, with emphasis on increasing the total number of legitimate minority business enterprises participating in the Federal highway program;
2. Services in connection with estimating, bidding, and technical assistance designed to develop and improve the capabilities of minority businesses and assist them in achieving proficiency in the technical skills involved in highway construction;
3. Services designed to develop and improve the immediate and long-term business management, recordkeeping, and financial accounting capabilities;
4. Services to assist minority business enterpises to become eligible for and to obtain bonding and financial assistance;
5. Services relating to verification procedures to ensure that only bona fide minority business enterprises are certified as eligible for participation in the Federal-aid highway program;
6. Follow-up services to ascertain the outcome of training and assistance being provided; and
7. Other services which contribute to long-term development, increased opportunities, and eventual self-sufficiency of minority business enterprises.

DBE IMPACTS STUDY

Mr. PURSELL. One of your accomplishments listed for fiscal year 1984 to date for the DBE program is a study of the impacts of the DBE program. Was this study conducted in-house, what was the cost, and what were the major findings?

[The information follows:]

A 9-month study was begun to assess the impacts of the DBE program on both minority and nonminority contractors, the highway construction industry as a whole, and the Federal-aid program in particular. This study was conducted by ABT Associates of Cambridge, Massachusetts, for the amount of $186,895. The consultant has submitted a preliminary draft report which is undergoing review within the Department.

FEDERAL-AID MBE AWARDS

Mr. PURSELL. For the record, please update the table on page 1172 of last year's record that shows the total dollar value and number of federal-aid MBE awards for 1975 through 1985.

[The information follows:]

The total dollar value and number of Federal-aid MBE awards for the years 1975 through 1985 are provided below:

Fiscal year	Dollar value in millions	Number of contracts[1]
1975	$27.85	([2])
1976	63.80	702
1977	71.53	751
1978	126.09	1,200
1979	163.70	1,574
1980	232.74	1,625
1981	355.18	3,585
1982	415.54	4,125
1983	719.74	6,990
1984	1,269.25	12,421
1985	1,278.60	13,091

[1] Data regarding the number of contracts has been provided in lieu of the number of contractors. Contractor data is not available.
[2] Not available.

ENGINEERING AND CONSTRUCTION

Mr. **Pursell**. More than half of your request for the demonstration projects program is in the area of engineering and construction. What were your most successful demonstration projects in this area last year, and what specific new activities do you plan to undertake in this area in fiscal year 1987?

Mr. **Leathers**. We can provide a more detailed account of our activities for 1985, but we were very heavily into cathodic protection, concrete pavement restoration, recycling of portland cement concrete pavement, weigh-in motion, pavement monitoring equipment, and micro-computers in highway construction. Those related to the construction end primarily.

We were very active also in support of the proposed strategic highway research program this past year.

COMPARISON BETWEEN CONCRETE AND ASPHALT

Mr. **Pursell**. Are you doing any work comparing concrete and asphalt for highways?

Mr. **Leathers**. We don't necessarily compare concrete and asphalt as to the good or the bad. We do work in both areas trying to improve the quality of both products.

Mr. **Pursell**. That's a nice safe position, but have you ever done any cost-effectiveness studies comparing the two from the standpoint of saving tax dollars?

Mr. **Leathers**. A cost benefit analysis is made on each highway design by the states with our assistance and monitoring, to determine whether or not, that is, using life-cycle costing principles to determine which is the best product to build at that time for that particular condition of materials and traffic.

So we do do it on every project.

RESEARCH AND DEVELOPMENT

Mr. **Pursell**. You are requesting an increase of almost $2.8 million—from $12.2 million to $15.0 million in research and development. Are you targeting any specific research areas for added focus with this increase, and if so, which areas?

Mr. **Phillips**. Well, as I said earlier, we combined those two programs into a $22 million annual program. But the one area that would be getting more attention is in the urban traffic congestion program. As was mentioned earlier this morning by Mr. Jacks, one of the reasons we were able to make the analysis on the two bridges in Washington, DC was because in research we had developed these computer programs.

So we knew we do need to address and put more money into this national urban congestion problem that we have throughout the United States.

Mr. **Pursell**. Does that include bus lanes and express routes?

Mr. **Phillips**. It would be tied in not only into let's say a beltway, like we have around Washington, DC, but the downtown network that we have done about the District of Columbia.

HIGHWAY SPILLS RESEARCH

Mr. **Pursell**. Under highway operations research one of your accomplishments this past year was the design of guidelines to mitigate hazardous highway spills. In information provided for the record last year you indicated an estimated cost savings of $10 million to $100 million and associated benefits that include reduction in loss of life, in loss of property, and protection of public safety. Would you please summarize the results of this research activity and its benefits?

[The information follows:]

On September 30, 1985, an administrative research contract was awarded to Kansas State University to develop "Guidelines for Protective Systems for Spills of Hazardous Materials on the Highway System." This is a 24-month study scheduled for completion September 27, 1987.

This study has three primary objectives: identification of the risk of a spill and where potential "extreme consequence" (danger to life or substantial property loss) situations exist; and identification of effective, practical protective systems and development of guidelines for implementing protection.

The benefit of this research will be the ability of local Government and highway agency officials to identify where and when it is necessary to provide for special design features in the highway system to protect citizens and property from the consequences of hazardous material spills and how to design and incorporate protection in existing and new facilities. A current problem for which this research has had application is protection for a ground water aquifer which is the primary water supply for a community. Other applications involve highways which run adjacent to the shore of or across public water supply reservoirs, air rights structures, elevated viaducts, etc. The potential estimated cost savings is based upon the cost to clean up and restore affected areas.

DIRECT FEDERAL--DBE

Mr. **Pursell**. What percentage of your direct federal contracts let in fiscal year 1985 went to minority contractors?

[The information follows:]

The Direct Federal construction and related program contracts for fiscal year 1985 totalled $169 million. Of this amount, minority related participation was $25 million or 14.8 percent of contract award activity.

DBE CONTRACTS

Mr. **Pursell**. Update for the record the list on pages 1173 and 1174 of last year's hearing record which shows the number and amount of WBE contracts awarded in fiscal year 1985.

[The information follows:]

The number of DBE and WBE contract awards for each State in FY 1985 is as follows:

FY 1985 TWELVE MONTH REPORT OF THE FEDERAL-AID
DBE AWARDS AND COMMITMENTS

STATE	FY 1985 DBE GOAL (%)	NINE MONTH FA CONTRACTS $ (1000)	4TH QTR FA CONTRACTS $ (1000)	12 MONTH FA CONTRACTS $ (1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS			PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS	
					(No.)	$ (1000)	% ACHIEVED	(No.)	$ (1000)
ALABAMA	10.0	$170,630	$51,742	$222,373	286	$28,260	12.7	386	$34,206
ALASKA	10.0	59,130	15,889	75,019	42	10,202	13.6	75	12,237
ARIZONA	10.0	127,580	43,004	170,583	149	25,328	14.8	179	28,106
ARKANSAS	10.0	91,430	24,486	115,916	130	12,306	10.6	165	13,454
CALIFORNIA	13.0	428,345	220,027	648,372	1,366	132,000	20.4	1,173	69,233
COLORADO	10.0	101,064	45,670	146,734	151	16,854	11.5	185	17,686
CONNECTICUT	10.0	123,233	27,132	150,365	104	21,093	14.0	126	21,711
D.C.	35.0	38,947	3,403	42,350	37	27,194	64.2	36	27,138
DELAWARE	10.0	30,814	4,965	35,778	65	5,267	14.7	74	5,479
FLORIDA	10.0	195,784	154,643	350,427	333	42,972	12.3	376	43,584
GEORGIA	10.0	317,353	50,051	367,404	140	32,415	8.8	294	38,315
HAWAII	10.0	13,684	3,019	16,704	40	5,998	35.9	40	5,998
IDAHO	10.0	41,612	17,370	58,981	98	7,599	12.9	85	6,296
ILLINOIS	10.0	307,153	208,779	515,932	1,047	63,140	12.2	1,080	64,517
INDIANA	10.0	201,718	46,409	248,127	639	25,254	10.2	696	26,739
IOWA	10.0	152,609	6,316	158,925	466	18,250	11.5	545	17,460
KANSAS	10.0	133,024	21,904	154,928	285	18,699	12.1	299	26,065
KENTUCKY	10.0	188,775	91,785	280,560	112	28,169	10.0	112	26,239
LOUISIANA	10.0	144,188	31,481	175,669	63	16,679	9.5	172	13,232
MAINE	6.0	37,286	18,694	55,981	149	4,827	8.6	164	3,744
MARYLAND	10.0	139,862	59,659	199,521	219	23,738	11.9	234	28,913
MASSACHUSETTS	10.0	127,922	36,689	164,610	95	22,750	13.8	73	18,230
MICHIGAN	10.0	242,875	96,534	339,410	250	38,540	11.4	379	37,784
MINNESOTA	10.0	153,822	40,856	194,678	218	19,461	10.0	217	19,460
MISSISSIPPI	10.0	94,635	55,988	150,624	240	33,327	22.1	250	24,275
MISSOURI	10.0	198,191	56,634	254,825	337	25,527	10.0	378	29,325
MONTANA	7.0	60,776	39,256	100,032	123	9,116	9.1	124	9,182
NEBRASKA	10.0	77,163	7,549	84,712	91	9,612	11.3	110	9,518
NEVADA	10.0	83,638	9,844	93,482	37	20,631	22.1	32	19,934
NEW HAMPSHIRE	10.0	51,591	17,127	68,718	89	10,106	14.7	71	10,248
NEW JERSEY	10.0	186,273	19,179	205,452	134	25,370	12.3	64	10,614
NEW MEXICO	11.3	51,686	26,147	77,833	82	11,714	15.1	107	11,305
NEW YORK	12.0	556,444	114,500	670,944	285	82,161	12.2	461	79,349
NORTH CAROLINA	10.0	154,737	28,496	183,233	130	17,743	9.7	426	17,949
NORTH DAKOTA	6.0	73,437	1,995	75,432	144	7,303	9.7	90	7,111
OHIO	10.0	334,678	215,707	550,385	354	56,926	10.3	472	59,147
OKLAHOMA	10.0	90,942	60,064	151,006	115	29,638	19.6	104	22,043
OREGON	10.0	92,419	22,680	115,099	154	12,885	11.2	197	12,968
PENNSYLVANIA	10.0	554,026	205,053	759,079	946	86,720	11.4	696	70,720
PUERTO RICO	50.0	22,794	14,147	36,941	55	19,836	53.7	55	29,129
RHODE ISLAND	10.0	92,621	9,100	101,721	63	12,135	11.9	62	6,432
SOUTH CAROLINA	10.0	100,994	15,735	116,730	204	12,668	10.9	222	13,265
SOUTH DAKOTA	10.0	74,888	15,419	90,307	174	9,224	10.2	151	8,706
TENNESSEE	10.0	229,406	33,372	262,778	165	29,701	11.3	152	27,095
TEXAS	10.0	598,615	309,165	907,780	435	110,534	12.2	387	67,406
UTAH	10.0	103,218	51,202	154,420	142	16,297	10.6	141	15,687
VERMONT	10.0	48,837	14,496	63,333	40	7,163	11.3	40	3,061
VIRGINIA	10.0	254,627	115,114	369,741	282	47,582	12.9	236	44,683
WASHINGTON	10.0	207,085	80,983	288,068	279	36,177	12.6	274	36,878
WEST VIRGINIA	10.0	85,262	41,717	126,978	138	13,505	10.6	56	9,301
WISCONSIN	9.0	104,112	23,225	127,338	528	14,449	11.3	501	12,055
WYOMING	5.5	75,401	11,238	86,639	59	4,744	5.5	67	5,392
TOTALS:		$8,227,339	$2,935,639	$11,162,978	12,319	$1,419,869	12.7	13,091	$1,278,599

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FY 1985 TWELVE MONTH REPORT OF THE FEDERAL-AID
WBE AWARDS AND COMMITMENTS

STATE	FY1985 WBE GOAL (%)	NINE MONTH FA CONTRACTS $(1000)	4TH QTR FA CONTRACTS $(1000)	TWELVE MONTH FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS (NO.)	$(1000)	% ACHIEVED	PRIME CONTRACT AWARDS PLUS SUBCONTRACT AWARDS (NO.)	$(1000)
ALABAMA	1.0	$170,630	$51,742	$222,373	27	$3,384	1.5	81	5,919
ALASKA	2.0	59,130	15,889	75,019	33	2,304	3.1	45	1,663
ARIZONA	1.75	127,580	43,004	170,583	68	5,271	3.1	76	5,517
ARKANSAS	1.0	91,430	24,486	115,916	28	1,335	1.2	48	3,133
CALIFORNIA	3.0	428,345	220,027	648,372	728	21,807	3.4	615	13,738
COLORADO	6.0	101,064	45,670	146,734	140	4,342	3.0	173	5,270
CONNECTICUT	1.0	123,233	27,132	150,365	121	5,703	3.8	124	4,723
D.C.	2.0	38,947	3,403	42,350	14	481	1.1	4	314
DELAWARE	1.0	30,814	4,965	35,778	42	630	1.8	53	856
FLORIDA	2.0	195,784	154,643	350,427	94	3,794	1.1	114	4,010
GEORGIA	0.5	317,353	50,051	367,404	8	1,873	0.5	20	1,143
HAWAII	1.5	13,684	3,019	16,704	6	752	4.5	6	752
IDAHO	1.0	41,612	17,370	58,981	68	815	1.4	41	552
ILLINOIS	3.5	307,153	208,779	515,932	344	25,428	4.9	359	26,162
INDIANA	3.0	201,718	46,409	248,127	132	6,896	2.8	207	8,540
IOWA	2.0	152,609	6,316	158,925	49	2,766	1.7	58	2,775
KANSAS	2.0	133,024	21,904	154,928	109	3,930	2.5	222	4,604
KENTUCKY	5.0	108,775	91,785	200,560	101	9,492	3.4	101	8,602
LOUISIANA	2.0	144,188	31,481	175,669	29	1,854	1.1	28	2,108
MAINE	4.0	37,286	18,694	55,981	177	3,070	5.5	144	2,182
MARYLAND	2.0	139,862	59,659	199,521	131	10,818	5.4	114	10,087
MASSACHUSETTS	0.5	127,922	36,689	164,610	72	2,370	1.4	57	2,169
MICHIGAN	5.0	242,875	96,534	339,410	190	16,723	4.9	434	19,093
MINNESOTA	2.0	153,822	40,856	194,678	83	3,599	1.8	83	3,599
MISSISSIPPI	2.0	94,635	55,988	150,624	214	6,360	4.2	256	5,985
MISSOURI	2.0	198,191	56,634	254,825	211	9,049	3.6	292	14,508
MONTANA	1.5	60,776	39,256	100,032	53	3,566	3.6	57	2,873
NEBRASKA	1.2	77,163	7,549	84,712	15	2,022	2.4	58	3,193
NEVADA	1.0	83,638	9,844	93,482	25	2,524	2.7	22	2,489
NEW HAMPSHIRE	4.0	51,591	17,127	68,718	104	4,357	6.3	94	5,090
NEW JERSEY	4.0	186,273	19,179	205,452	189	18,890	9.2	123	8,818
NEW MEXICO	0.7	51,686	26,147	77,833	18	969	1.2	29	1,672
NEW YORK	2.0	556,444	114,500	670,944	205	18,943	2.8	318	19,658
NORTH CAROLINA	1.0	154,737	28,496	183,233	59	2,395	1.3	148	3,364
NORTH DAKOTA	4.5	73,437	1,995	75,432	96	3,211	4.3	81	4,500
OHIO	4.0	334,678	215,707	550,385	140	20,403	3.7	200	21,381
OKLAHOMA	3.0	90,942	60,064	151,006	5	485	0.3	15	1,201
OREGON	2.0	92,419	22,680	115,099	78	3,502	3.0	132	3,573
PENNSYLVANIA	2.0	554,026	205,053	759,079	405	18,913	2.5	282	16,678
PUERTO RICO	1.0	22,794	14,147	36,941	0	0	0.0	0	0
RHODE ISLAND	1.0	92,621	9,100	101,721	43	1,214	1.2	43	1,214
SOUTH CAROLINA	1.25	100,994	15,735	116,730	56	1,615	1.4	74	2,133
SOUTH DAKOTA	2.0	74,888	15,419	90,307	139	2,811	3.1	109	2,726
TENNESSEE	1.0	229,406	33,372	262,778	15	4,145	1.6	10	3,450
TEXAS	0.5	598,615	309,165	907,780	142	11,881	1.3	132	11,476
UTAH	0.5	103,218	51,202	154,420	24	1,245	0.8	16	821
VERMONT	3.0	48,837	14,496	63,333	8	7,435	11.7	37	8,382
VIRGINIA	1.0	254,627	115,114	369,741	117	4,734	1.3	92	4,504
WASHINGTON	3.0	207,085	80,983	288,068	150	9,552	3.3	149	9,544
WEST VIRGINIA	3.0	85,262	41,717	126,978	20	2,938	2.3	18	2,915
WISCONSIN	3.0	104,112	23,225	127,338	279	3,724	2.9	233	3,693
WYOMING	2.5	75,401	11,238	86,639	29	2,149	2.5	39	3,388
TOTALS:		$8,227,339	$2,935,639	$11,162,978	5,713	$300,547	2.8	6,268	$306,818

HCR-30
27-Mar-86

RURAL TRANSPORTATION ASSISTANCE PROGRAM

Mr. PURSELL. For the record, please update the list of rural transportation assistance program (RTAP) projects on pages 1178 through 1182 of last year's hearing record and provide the dollar amount for each.

[The information follows:]

SUMMARY OF RTAP PROJECTS

PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
1. National Association of County Engineers (NACE) Action and Training Guides	Technical manuals, training guides and workshops	FY 86	$ 505,616
2. Workshop on Rehabilitation of Existing Bridges	Workshops and training manuals	Under way	196,635
3. Highway Safety for Rural and Small Urban Areas	Course presentations, slides, tapes, and manuals on highway safety programs	Under way	206,971
4. Road Surface Management Training for Local Units of Government	Workshops and summary report	Under way	325,300
5. Pavement Rating Guide	Procedural manual	FY 86	117,250
6. Rural and Small Urban Transit Manager's Workshop	Improved management of rural and small urban transit	Completed December 1983	112,293
7. Sixth National Conference and Workshops on Rural Public Transportation	Improved technical knowledge of participants	Completed August 1983	25,000
8. Transportation Planning and Problem Solving for Rural Areas and Small Towns	Course presentations and a train-the-trainer course	Completed March 1985	243,677
9. Technology Transfer (T^2) Program for Local Transportation Agencies	Thirty-nine technology transfer centers operational	Under way	11,049,021
10. Transportation Resource Management for Rural Elected Officials	Training for local elected officials in resource management	Under way	317,555
11A. Coordinated Weight Monitoring and Enforcement Using Weigh-in-Motion (WIM) Equipment	Twelve State using WIM to improve pavement design and enforcement	Under way	1,620,000

PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
11B. Demonstration of Dynamic Bridge Formula Compliance Analyzer (DBFCA)	Report	FY 86	$ 90,000
12. Long-Term Pavement Monitoring	Rating and use data to improve road design	Under way	200,000
13. Manual and Training for Local Agency Equipment and Maintenance Management System Design	System design manuals and training	FY 86	490,134
14. Pavement Design Guide for Local Roads	Design manual	FY 87	228,739
15. Basic Principles of Right-of-Way Appraisal/Acquisition for Federal-aid Highway Projects Administered by Local Public Agencies	Guideline manual and training	Under way	4,219
16. Statewide Planning and Programming Assistance for State Agencies			
A. Modern Mapping Methods Training Seminar	Workshops	Under way	75,000
B. Pennsylvania Department of Transportation Project to Define on Agricultural Access Network	Documentary videotape and slide presentation	Completed March 1984	39,700
C. University of California, Berkely: On-Line Data Base for Rural and Small Urban Technical Users	Electronic information exchange network and micro-computer demonstration	Under way	79,098
D. Roadway Data Exploration System	Report and Software Systems	FY 86	80,000
E. Application of Voice Recognition Device Technology for Local Inspection Functions	Report	FY 86	20,000

PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
F. Field Evaluation of Vehicle Classification Procedures	Report	Completed	$ 48,571
17. Rural Transportation Issues Training	Development of Issues and Workshops; Presentations	FY 86	398,877
18. Microcomputer Applications for Rural Transportation			
A. Microcomputer Technical Support Center	Technical bulletins, selected resources, and onsite training	Completed May 1985	134,400
B. Microcomputer Program for Culvert Design and Analysis	Computer program and user manual	FY 86	59,434
C. Microcomputer Program for Bridge Analysis and Rating	Computer program and user manual	FY 86	64,482
D. Microcomputer Applications to Support Safety and Traffic Operations Programs	Computer programs and user manuals	FY 86	184,211
E. Statewide Highway Planning and Microcomputer User Support Center	User group, advisory service user group directory, software clearing house/ exchange	Under way	189,000
19. Work Plans for Resurfacing, Restoration, and Rehabilitation (3R) Standards and Double Bottom Truck Studies and a Synthesis of Hot Dip Galvanizing Process by National Academy of Sciences	Two work plans One synthesis	Completed March 1984	195,400
20. Railroad Deregulation Impacts on State and Local Roads	Analytical study report and presentations	FY 87	225,000

PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
21a. Rural Transportation Technical Assistance Needs Study	Needs study	Completed November 1985	$ 96,802
21b. Evaluation of Technology Transfer (T^2) Center	T^2 Centers evaluation report	Completed June 1985	44,148
22. Microcomputer Program for Analysis and Rating of a Simple Truss	Computer program and user manual	FY 86	50,900
23. Guidelines for Spring Highway Use Restrictions	Guideline Manual	FY 86	89,950
24. Pavement Recycling Guidelines for Local Governments	User Package (presentations and manual)	FY 87	169,433
25. State-of-the-Art Traffic Data collection for Rural Transportation Agencies	Distribute automated equipment through T Centers for loan to rural transportation agencies for traffic data collection	Under way	440,366
26. More Effective Cold-Wet Weather Patching Material for Asphalt Pavements	Patching material training manuals	FY 86	176,009
27. Warrants for Bridge Barriers on Low Volume Roads	Performance requirements and design drawings	FY 87	626,428
28. Forecasting Safe Load Carrying Capacity and Rating Bridges	Study and Guidelines	FY 87	233,013
29. Revising the "PAVER" Pavement Management System for Use on Unpaved Roads (Phases 1 & 2)	Complete road management system	FY 87	180,000
30. Value Engineering for Local Highway Agencies	Study identifying how to lower costs for particular maintenance activities	FY 86	129,622
31. Monitoring the Effects of Double Bottom Trucks	Report on the effects of double bottom trucks on "National Truck" network	FY 86	450,000

PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
32. Road Surface Management Systems for Local Governments-Implementation Project	Implementation package documenting the results of using specific pavement management systems	FY 87	$ 286,851
33. Field Evaluation of Edgeline Widths	Guidelines for use of non-standard edge lines widths	FY 88	54,000
34. Technical Support for Long-Term Pavement Monitoring (LTM) Program	LTM Data Book	FY 86	65,000
34A Strategic Highway Research Program (SHRP) Long-Term Pavement Performance	Experimental design and data processing systems	Under way	524,227
35. National Highway System Analysis and Display Capability	Graphics system and program analysis	FY 86	95,000
36. Methods for Estimating Selected Nonhighway Users of Gasoline	Report detailing data sources and procedures	FY 86	35,800
37. National Conference on Weigh-in-Motion	Conference	Completed May 1985	45,000
38. T Center Program Operations Support	Printing, duplicating, manuals, etc.	Under way	192,000
38A. Clearinghouse for Local Highway Training and Technology Resources	Computer listing and catalogs	Under way	146,000
39. Congressionally Mandated Studies			
A. Evaluation of Administrative Requirements for a Federal Weight Distance Tax**	Report	FY 87	225,300
B. Update Highway Vehicle Fleet and Use Information and Improve Highway Cost Allocation Procedures**	Reports and Software	FY 86	200,552

** Congressionally mandated studies.

	PROJECT	PRODUCT	IMPLEMENTATION SCHEDULE	TOTAL FUNDING TO DATE
40.	Construction Inspection and Quality Assurance Training	Training	Cancelled	$ -0-
41.	Cost-Effective Value Criteria for Highways	User Manual	Cancelled	-0-
42.	Spanish Language T^2 Center	Recommendations	Under way	51,077
43.	Workshops on Two-Lane Rural Road Traffic Operations and Safety	Workshops and training manuals	FY 86	81,000
44.	Improving Pavement Deterioration Models for Cost Allocation	Technical papers & report	FY 86	58,800
45A.	Development and Implementation of a Sampling Plan Based on FHWA's Traffic Monitoring Guide	Report	Cancelled	-0-
45B.	Development of Sampling Plans and Purchase of WIM Equipment	Five States use of WIM equipment	Under way	300,000
45C.	Evaluation of the Coordination of WIM Data	Report	FY 87	66,000
46A.	Demonstration of Pavement Structure Repair Techniques Referred	Workshops and field demonstrations	Deferred	-0-
46B.	Pavement Management Training for Local Agency Executives	Awareness Training		20,000
47.	Bridge Inspector Training	Programmed Training Roadways	FY 86	90,000
48.	Local Technology Sharing	Video Tape	FY 86	20,000
49.	Conference on Highway Safety Training for T^2 Center Personnel	Conference	FY 86	60,000
50.	Fourth International Conference on Low Volume Roads	Conference	FY 87	30,000

RTAP-UNOBLIGATED BALANCE

Mr. **Pursell.** Why did you carry over $167,000 in unobligated funds for the rural technical assistance program at the close of fiscal year 1985? Will you be able to obligate this amount and the current amount by the end of fiscal year 1986?

[The information follows:]

In fiscal year 1985, there were 42 active Rural Transportation Assistance Program (RTAP) projects focusing on rural roads, bridges, and public transportation in rural areas. Currently, it takes approximately 13 months to negotiate and award a contract. A slippage in a contract award from late fiscal year 1985 to early fiscal year 1986 and negotiated contract awards in fiscal year 1985 for less than what was planned resulted in a carry over of $167,000 out of a budget of $4.3 million. These funds along with the funds budgeted for this year can and will be obligated for fiscal year 1986.

IRIS/IRP FUNDING

Mr. **Pursell.** Last year in information provided for the record you indicated an additional $200,000 would be needed in fiscal year 1987 for the IRIS/IRP project.

For fiscal year 1987 why you are requesting $500,000 for the interjurisdictional trucking program, $300,000 beyond what you estimated was needed to complete the IRIS/IRP project?

Can you please provide additional details on your accomplishments planned for fiscal year 1987, including how you plan to coordinate your activities with those of the Commercial Motor Vehicle Safety Regulatory Review Panel?

Mr. **Robertson.** Yes, sir. Mr. Pursell, this is an area that has been impacted by our reorganization. That does not change the funding answers. It changes the coordination answer a little bit.

Mr. Landis, our associate for Motor Carriers, will be handling the coordination issue that you have raised here with the Commercial Motor Vehicle Safety Regulatory Review Panel.

However, on the budgetary answer, this was under my area of responsibility last year; the increase in funds are basically in two areas; some funds for the international fuel tax agreement area, but the majority of the increase is for additional work on the uniformity area, to follow up on the results of a National Governors' Association study on uniformity, which the Federal Highway Administration has contributed, I believe, about $800,000 in funds to help support.

Mr. **Pursell.** Why would there be such major change in this area? Either the project was not fully planned at the beginning, or something substantial happened to justify that major of a change, wouldn't you think?

Mr. **Robertson.** Well, the difference, really, is in the additional—for the most part is the additional support of the NGA effort, sir.

We do believe that the National Governors' Association is making very significant progress in the uniformity area. Their report is due to be completed in this fiscal year, but there is going to be significant work left. This is the area that we would much prefer to see our States come together and solve the uniformity issue without Federal preemption.

But we have to stay right on top of it to make sure that the states do indeed work together on this. The issues within the states——.

Mr. **Pursell**. Maybe they should contribute to the funding.

Mr. **Robertson**. Well, they are contributing, sir. There is a matching arrangement for those funds.

Mr. **Pursell**. What is the match?

Mr. **Robertson**. I do not know exactly. I think maybe 60/40. I believe that is about right. 60/40 or 55/45, sir.

Mr. **Pursell**. 60 state and 40 fed?

Mr. **Robertson**. I wish it were so, sir; it is the opposite, and most of their match is in what we call a soft match, personnel services; but that counts.

Mr. **Pursell**. No hard money?

Mr. **Robertson**. No, sir.

MOTOR CARRIER SAFETY CARRY OVER

Mr. **Pursell**. At the close of fiscal year 1985 why did you carry over $1.12 million under your motor carrier safety account and at the same time lapse $385,000?

Mr. **Morgan**. Well, the $385,000 was out of the one year funds and they were not needed for salaries and expenses or PS&E. The $1.12 million is out of the contract program, and part of that was deobligated to be used for Congressionally-mandated studies as a result of the 1984 Tandem Truck Safety Act.

The other part will probably be used to carry out this regulatory analysis and the other studies required by the Tandem Truck Safety Act.

There was a lot of internal reprogramming that had to go on after that act passed and our program changed direction in the motor carrier safety area because of the studies mandated by it, the establishment of panels, the review of all the state regulations, which is still ongoing.

MOTOR CARRIER SAFETY RESEARCH PROJECTS

Mr. **Pursell**. Please update the list of motor carrier contract research projects and their costs on pages 1188 through 1190 of last year's hearing record.

[The information follows:]

BUREAU OF MOTOR CARRIER SAFETY
RESEARCH PROJECTS FOR FY 84, FY 85 AND FY 86

Project	FY 84 Costs in Thous	FY 85 Costs in Thous	FY 86 Costs in Thous
Regulatory Impact Assessments	100	200	
Establishment off Brake Adjustment Criteria	100	30	
Tractor Trailer Drivers Training Validation Methodology Study	40		
Correlation Between a Driver's Driver While Operating a Non-Commercial Vehicle an Off Duty Status and a Commercial Vehicle During an On Duty Status	100	56	
Identification of Preventable Accidents and their Causes	100	7	
Integrity of MC 330/331 Cargo Tanks	5		
Study of Brake Performance Levels for Trucks and Passenger Cars	3		
Minimum Standards for Training Tractor Trailer Drivers	10		
Construction and Maintenance Procedure Recommendations for Proposed Federal Guidelines of Safe Havens for Vehicles Carrying Class A or B Explosives			
Development and User Documentation of Federal/State Information System for Analyzing MCSAP Data	221	88	17
Voluntary Employee Injury Reporting System	29		
Stress Analysis of Cargo Tanks	6		
Multiple Bottom Tractor Trailer Driver Selection Profile			
Costs Associated with Truck Accidents	1		
Monocular/Binocular Vision Traffic Accident Analysis	2		
Effect of Corrosion on the Integrity of Cargo Tanks	149		

Analysis and Documentation of a Federal/State Information System On Motor Carrier Safety (modification to on-going contract)	2		
Examination of Procedures and Practices in Bus Safety Leading to Reciprocity Agreement Between All States	5		
Transfer of funds to RSPA	4		
Design and Implementation of a Motor Carrier Safety Interpretations Database			116
MVMA Technical Safety Films for Commercial Drivers		25	
Monocular/Binocular Vision Accident and Traffic Record Analysis		28	
Interchange of Medical/Industrial/ Regulatory Technology as it Relates to Heavy Duty Truck Drivers Cardiac Conditions		98	2
Assessment of Economic Impact of the FMCSR (study mandated by MCSA 1984)		58	
Engineering Analysis of 49 CFR Part 393 of the Federal Motor Carrier Safety Regulations		206	
Integrity of the MC 307/312 Cargo Tanks (modification to on-going contract)		6	
Qualification of Drivers Used to To Transport Bulk Quantities of Hazardous Materials		102	
Hazardous Materials Quantification Feasibility Study		28	
VEIRS II Data Analysis		3	
102 Inch Vehicle Study (Reimbursable agreement with NHTSA)		45	

Comparison of Federal State Regulations (study mandated by MCSA 1984)			750
Federal/State Accident Reporting System			175
Consequences of Mandatory Stops at Railroad/Highway Grade Crossings			3
Part 398 - Transportation of Migrant Workers			5
Comparison of the Effectiveness of Penalties Levied to and After the Motor Carrier Act (study mandated by MCSA 1984)			64
Highway Users Federation for Safety and Mobility Workshop on Classified Drivers' License and Driver License Compact (reimbursable agreement with UMTA			7
Structural Changes in the Motor Carrier Industry and their Relationship to Safety			70
Totals	877	980	1,209

MOTOR CARRIER SAFETY AUDITS

Mr. **PURSELL**. Last year you projected a total of 11,741 audits by your investigators in 1985. How many did you actually perform in 1985 and what is your estimate for 1986?

[The information follows:]

The BMCS field staff performed 10,492 safety management audits during Fiscal Year 1985. The actual number of audits performed was less than projected because we placed heavier emphasis on enforcement. This emphasis was initiated after the Fiscal Year 1985 projections were made. As a result, the field staff focused on enforcement activities as reflected in a substantial increase (38%) in enforcement cases initiated during Fiscal Year 1985.

During Fiscal Year 1986, it is projected that the field staff will conduct approximately 10,000 safety management audits. This includes audits of motor carriers, carriers and shippers of hazardous materials, and cargo tank manufacturers.

MOTOR CARRIER SAFETY R&D ACCOMPLISHMENTS

Mr. **PURSELL**. What were the major accomplishments of your motor carrier safety research and development program in fiscal years 1985 and 1986 to date?

Mr. **BARNHART**. I would like to supply that for the record, if I may. I did not see that question and excused Mr. Landis to go to another meeting, and that is his area.

Mr. **PURSELL**. Okay.

[The information follows:]

The major accomplishments of our 1985 and 1986 motor carrier safety research and development program were the development of data to support regulatory work and for use in legal confrontations in the area of mandatory stops at railroad-highway crossings. Determined economic costs and benefits of the Federal Motor Carrier Regulations, Part 398— Transportation of Migrant Workers, for use in preparing a regulatory evaluation for the safety regulations as required under the Motor Carrier Safety Act of 1984. Developed a working computer program which will facilitate the review of and continuing monitoring of Federal/State Motor Carrier Safety Regulations. Obtained recommended procedures and guidelines by which State level agencies may connect with, operate, and use information generated by a nationwide Motor Carrier Safety Assistance Program Management Information System. And, analyzed various methodologies for validating the model tractor trailer driver training curriculum.

In the area of the driver and the vehicle the Bureau's research determined the relationship between violations and accidents an off-duty driver has while driving a private motor vehicle, and the violations and accidents a driver has while operating a commercial motor vehicle in an on-duty status. The correlation analysis will be used in developing countermeasures if a positive relationship is discovered. The countermeasures will be designed to identify and prevent high-risk drivers from operating commercial motor vehicles. Evaluated the effectiveness of civil and criminal penalties in deterring violations of the Federal Motor Carrier Safety Regulations and determined procedures which will aid in effectively prosecuting such violations when they occur. And, for the vehicle obtained data on which to base a reasonable decision in regard to the out-of-service criteria used by field personnel in checking push rod travel of equipment using the air brake system.

The Bureau held an interchange conference of cardiac and motor carrier safety experts to produce an authoritative document concerning the current state of knowledge about select cardiac conditions as it relates to the safety of performance of commercial driver driving tasks. A comparison of the traffic records of monocular commercial drivers with a sample of binocular commercial drivers was also conducted for use in updating the medical standards.

Identified the skills necessary for the safe operation of a cargo tank motor vehicle used to transport bulk quantities of hazardous materials. Identified those areas of training which will promote the development of each of the skills necessary for drivers of these vehicles. Developed a methodology to quantify and locate, by class, the hazardous materials that move by highway throughout the US, its territories, and possessions.

HIGHWAY-RELATED SAFETY GRANTS

Mr. **Pursell**. Please provide for the record an update of the information on page 1197 of last year's hearing record which shows obligations by standards and activities under your highway-related safety grants program.

[The information follows:]

OBLIGATIONS BY STANDARDS AND ACTIVITIES

(In thousands of dollars)

Standard 9:	Fiscal Year				
	1981	1982	1983	1984	1985
a. Develop highway reference systems	297	371	169	172	183
b. Install highway reference systems	1,936	259	279	334	319
c. Inventory high accident locations	3,281	1,050	1,830	803	504
d. Multiple-disciplinary accident investigation teams	347	25	48	150	67
e. Photologging	651	242	286	373	180
f. Training related to accident investigation and analysis	114	64	171	12	32
g. Miscellaneous (includes purchases)	782	883	362	272	1,133
Standard 9 total	7,408	2,895	3,145	2,116	2,418
Standard 12:					
a. Safety construction program support	1,159	23	0	121	20
b. Develop design manual and standards	207	43	22	19	7
c. Study roadway lighting requirements	0	0	1	23	16
d. Acquire and use skid measuring equipment	285	65	170	85	29
e. Study rail-highway grade crossings	38	1	5	59	66
f. Inspect bridges	830	20	13	5	5
g. Study roadway sections for traffic hazards	22	53	99	160	158
h. Train personnel in safe roadway design, construction, and maintenance practices	306	170	366	316	282
i. Miscellaneous (includes purchases)	16	151	149	167	656
j. Worksite safety	359	24	39	0	10
Standard 12 total	3,222	550	864	955	1,249

	Fiscal Year				
	1981	1982	1983	1984	1985
Standard 13:					
a. Inventory traffic control devices	1,123	378	553	489	227
b. Install warning and regulatory signs	2,955	973	469	771	742
c. Provide traffic engineering services	6,852	2,678	1,855	3,274	2,315
d. Train personnel in traffic engineering related fields	1,326	887	1,072	800	1,561
e. Miscellaneous (include purchases)	186	479	935	577	431
f. Pavement marking/traffic signals	186	372	263	11	145
g. Attenuator replacement parts	451	213	79	897	154
Standard 13 total	13,079	5,950	5,226	6,819	5,575
Standard 14:					
a. Install traffic control devices to aid pedestrians	0	0	0	0	0
b. Pedestrian needs studies	90	0	131	101	71
c. Bicycle programs	59	-4	0	0	0
d. Provide pedestrian related engineering services and training	0	-1	22	3	0
e. Miscellaneous (includes purchases)	0	-7	3	1	0
f. Evaluation	255	0	0	0	0
Standard 14 total	404	-12	156	105	71
Planning and Administration	3,572	285	278	360	651
Total Obligations	27,685	9,669	9,669	10,355	9,964

UNOBLIGATED BALANCE

Mr. **Pursell**. What is the current unobligated balance for this program and how much of that is not allocated to specific projects?

[The information follows:]

State highway safety programs are submitted and approved at the beginning of each fiscal year for the full amount of funds made available for the Federal Highway Administration Highway-Related Safety Grants authorized under Section 402 of Title 23, United States Code. Any underruns from individual projects are reprogrammed in accordance with the State's approved program.

As of February 28, 1986, the unobligated balance for the Federal Highway Administration Highway-Related Safety Grants Program was $2.8 million of the total program level of $10 million in Fiscal Year 1986. These unobligated balances are commited to each State's Annual Highway Safety Program but are not yet programmed to specific projects.

EVALUATION OF SAFETY PROJECTS

Mr. **Pursell**. Also, please update the information on project evaluation found on page 1198 of last year's hearing record.

[The information follows:]

EVALUATION OF SAFETY PROJECTS

[Dollars in thousands]

Program	Cost of evaluated projects	Accident severity	Percent reduction in acc. rates	Cost per accident reduced
Rail-highway crossings	218,156	Fatal	88	598.3
		Injury	65	
		Fatal + Injury	69	120.8
High-hazard locations	268,508	Fatal	39	259.5
		Injury	22	
		Fatal + Injury	23	9.5
Roadside obstacles	102,640	Fatal	27	166.7
		Injury	3	
		Fatal + Injury	4	40.2
High-hazard/roadside obstacles	15,445	Fatal	60	239.3
		Injury	22	
		Fatal + Injury	23	18.3
Hazard elimination	180,854	Fatal	44	398.3
		Injury	27	
		Fatal + Injury	27	14.5

Format of table has been revised from last year to agree with information submitted in the Annual Report on Highway Safety Improvement Programs.

RAIL-HIGHWAY CROSSINGS DEMONSTRATION PROJECTS

Mr. **Pursell**. Please update for the record the list on page 1200 of last year's hearing record that shows each railroad-highway crossings project, the estimated amount to complete the project and the amounts appropriated and obligated to date for each.

Please include an estimate of obligations for fiscal year 1986.

[The information follows:]

RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PROJECTS

Allocations, Obligations, and Estimated Costs
As of February 28, 1986
(Amounts in Thousands of Dollars)

CITY	SOURCE	TYPE OF PROJECT	FEDERAL FUNDS ALLOCATED	FEDERAL FUNDS OBLIGATED	ESTIMATED PROJECT COST	
					ALL FUNDING SOURCES	FEDERAL DEMO FUNDS ONLY
Elko, Nevada	73 Highway Act	Rail Relocation	42,530	41,474	44,800	42,500
Lincoln, Nebraska	73 Highway Act	Grade Separations	15,450	12,016	29,000	24,600
Wheeling, W. Virginia	73 Highway Act	Rail Relocation	600	96	40,000	38,000
Blue Island, Illinois	73 Highway Act	Grade Separation	230	230	5,900	5,600
Carbondale, Illinois	73 Highway Act	Rail Relocation	24,675	21,804	76,200	72,400
Dolton, Illinois	73 Highway Act	Grade Separation	585	585	9,400	8,900
E. St. Louis, Illinois	73 Highway Act	Grade Separations	8,661	6,492	28,700	27,100
Springfield, Illinois	73 Highway Act	Rail Relocation	7,994 (a)	7,994	238,800	226,700
New Albany, Indiana	73 Highway Act	Rail Relocation	2,326	2,326	2,400	2,300
Anoka, Minnesota	73 Highway Act	Grade Separation	2,915	2,901	3,100	2,900
Brownsville, Texas-- Matamoros, Mexico	73 Highway Act	Rail Relocation	8,062	5,670	43,300	41,200
Greenville, Texas	73 Highway Act	Grade Separation	9,500	4,583	13,800	9,500
Lafayette, Indiana	74 Highway Admend.	Rail Relocation	20,064	14,456	94,200	89,500
Hammond, Indiana	74 Mass Trans. Act	Rail Relocation	14,370	10,145	64,600	61,400
Metairie, Louisiana	76 Highway Act	Consol./Gr. Sep.	1,702	1,474	19,000	16,500
Augusta, Georgia	76 Highway Act	Rail Relocation	7,029	1,232	132,700	126,100
Pine Bluff, Arkansas	76 Highway Act	Consol./Gr. Sep.	7,612	3,316	19,900	18,900
Sherman, Texas	76 Highway Act	Grade Separation	Withdrew from the demonstration program-- project is being advanced with regular Federal-aid highway funds			
Terre Haute, Indiana	77 Approps. Act	Grade Separation	7,000	5,437	7,400	7,000
		TOTALS	181,305	142,231	873,200	821,100

(a) An additional $5.225 million is being held in reserve for Springfield in accordance with Congressional advice.

Obligations for fiscal year 1986 are estimated to be $24.3 million for the Railroad-Highway Demonstration Projects.

UNOBLIGATED BALANCE

Mr. PURSELL. What do you estimate the unobligated balance of railroad-highway crossings demonstration funds will be at the close of this fiscal year?

[The information follows:]

The unobligated balance of Railroad Highway Crossings Demonstration funds at the close of Fiscal Year 1986 is estimated at $27.4 million.

RAIL-HIGHWAY CROSSINGS DEMONSTRATION PROJECT STATUS

Mr. PURSELL. In 1984 the Elko, Nevada railroad project was completed. Also on the Augusta, Georgia and Metairie, Louisiana projects, independent usable segments were completed.

Were any projects completed in fiscal year 1985, and will any be completed in the current fiscal year or next fiscal year?

If so, which ones?

[The information follows:]

For the Hammond, Indiana, project, an independent usable segment was completed during fiscal year (FY) 1985. During FY 1986 another independent usable segment should be completed on the Lincoln, Nebraska, project. For FY 1987, it is estimated the Terre Haute, Indiana, project will be completed along with independent usable segments on the Carbondale, Illinois; Springfield, Illinois; and Pine Bluff, Arkansas, projects.

RAIL CORRIDOR DEMONSTRATION PROJECTS

Mr. PURSELL. In July 1985 Secretary Dole announced a new initiative to demonstrate a corridor approach to grade crossing safety emphasizing various low cost improvements.

How is this program progressing? What states are involved in the demonstration, and what results do you expect toward improving grade crossing safety?

Also, are any additional funds beyond the regular appropriation being used for the rail corridor demonstration project?

Mr. MORGAN. The program is progressing well. We have selected corridors in Iowa, Florida, Alaska, West Virginia and Louisiana, and we expect to select another corridor in California.

We expect that this program can demonstrate that on the low volume crossing with relatively low cost improvements, that safety can be improved.

We are not using any other funds, other than regular program funds for this effort.

Mr. PURSELL. So there are no additional funds beyond the regular appropriation?

Mr. MORGAN. No, sir.

RAIL-HIGHWAY CROSSING ILLUMINATION

Mr. PURSELL. In an effort to improve nighttime visibility problems, some people have suggested rail car reflectorization or sidelighting.

Unfortunately, all studies conducted to date clearly indicate that such an approach is ineffective and would be extremely expensive.

As you examine various low cost grade crossing improvements, are you considering simple illumination, such as overhead lights at selective grade crossings, to improve nighttime visibility?

Is this type of illumination improvement presently eligible under the rail-highway crossing program and if so, are any states implementing such projects?

Mr. **Morgan**. Yes. The illumination of crossings are eligible for Federal-aid funding. About two-thirds of the nighttime fatalities at regular grade crossings are caused by the vehicle striking the train, perhaps partly because of the lack of illumination.

I do not have a list of the states which have private——.

Mr. **Pursell**. You are not aware of any?

Mr. **Morgan**. No, sir.

Mr. **Jacks**. There are states that have used regular Federal-aid funding to illuminate crossings, yes, sir.

ACCESS HIGHWAYS TO CERTAIN LAKES

Mr. **Pursell**. For fiscal year 1986 we appropriated $9.8 million for the "access highways to certain lakes" program, $5 million of which were to be derived from unobligated balances of the Urban Mass Transportation Administration research, training, and human resources account.

How much of the fiscal year 1985 unobligated balance of $2.438 million and of the fiscal year 1986 $9.8 million appropriation will be obligated in fiscal year 1986 and for which projects?

[The information follows:]

Our records indicate that $3.947 million was unobligated at the end of fiscal year (FY) 1985. All of this unobligated balance should be obligated in FY 1986. Of the $9.785 million in new funds that will be allocated in FY 1986, we anticipate that $7.5 million will be obligated by the end of FY 1986 and the remainder obligated before the middle of FY 1987.

All of the $3.947 million that was unobligated at the end of FY 1985 is expected to be obligated on the following North Dakota projects:

	Millions
Beaver Bay Recreation Area, Emmons County	$1.661
Little Missouri Bay Recreation Area, Dunn County	2.249
Lake Ashtabula, Barnes County	0.037
Total	3.947

Final selection of projects for funding with FY 1986 funds is underway. We will notify you of our final selections when they are made.

OBLIGATIONS TO DATE

Mr. **Pursell**. How much has been obligated to date in fiscal year 1986?

[The information follows:]

Through February 28, 1986, $3,941,458.40 has been obligated in fiscal year 1986.

STATUS OF PROJECTS

Mr. **Pursell**. Please update the table on pages 1203 and 1204 of last year's hearing record which gives the status of the projects funded to date.

[The information follows:]

ACCESS HIGHWAYS TO PUBLIC RECREATION AREAS ON CERTAIN LAKES
As of September 30, 1985

State and Project	Project Designated in Appropriations Act for Fiscal Year	Allocations[4,12] ($000)	Obligations Thru 9/30/85 ($000)	Lapsed ($000)
ARKANSAS				
Beaver Lake (Benton County) (586)	1985	$ 780	$ 780	$ -0- [15]
CALIFORNIA				
Parrotts Ferry Road (Calaveras County) (637, 685)	1978	$ 2,800	$ 2,800	-0- [5]
ILLINOIS				
Coon Creek, Lake Shelbyville (Shelby County) (586)	1985	570	570	-0- [15]
INDIANA				
Brookville Lake Access Road (628)(631)	1976; 1977	2,142	1,317	825 [1]
Lake Monroe (637, 685)	1978	4,580	4,580	-0- [5]
Lake Patoka (Dubois County) (664)	1980	4,600	4,000	600 [9]
IOWA				
Lake Red Rock (655)	1979	900	900	-0- [1,2]
Howell Station Campground (Marion County) (655)	1979	100	100	-0- [1]
Saylorville Lake (664)	1980	1,600	1,600	-0- [1,2,9]
KANSAS				
Clinton Parkway (628, 655)	1976; 1977; 1979	6,730	6,730	-0-
MICHIGAN				
Lake Ovid (Clinton County) (586)	1985	17	$ 17	$ -0- [15]
MISSISSIPPI				
Arkabutla Reservoir (628)	1976	500	464	36 [1]
SR-315 (Panola County) and Coontown Road (685) (Lafayette County)	1979	1,240	670	570 [1]
Gums Crossing/Graystown Crossing (664)	1980	400	400	-0- [3,8,9]
Graysport-Gums Access Road (Yalobusha County) (586)	1985	134	134	-0- [15]
NEVADA				
Rye Patch Reservoir (Pershing County) (586)	1985	1,000	1,000	-0- [15]
NEW MEXICO				
Access to Sims Mesa (655)	1981	2,250	2,250	-0- [1,10]
NORTH DAKOTA				
Lake Ashtabula/Bald Hill Dam (Barnes County)(637)	1978	$ 750	$ 750	-0- [1,5]
Lake Ashtabula (Barnes County) (664)	1980	980	980	-0- [9]
Banks Road (Lake Sakakawea, McKenzie County)(655)	1979	1,980	1,980	-0- [1]
Lewis and Clark Road, FASS 2821 (Lake Sakakawea, Mercer County)(655, 664)	1979; 1980	79: 1,900 80: 2,100	79: 1,900 80: 2,100	-0- [9]
Tobacco Garden Road (McKenzie County)(685)	1981	1,200	1,200	-0- [6,10,13]

State and Project	Project Designated in Appropriations Act for Fiscal Year	Allocations[4,12] ($000)	Obligations Thru 9/30/85 ($000)	Lapsed ($000)
NORTH DAKOTA (Con't.)				
St. Mary's Township Road (McLean County)(665)(585)	1981; 1984	81: 210 84: 105	81: 210 84: 105	-0- [6,10,13]
New Town Road (Mountrail County, Lake Sakakawea) (665)(585)	1981; 1984	81: 5,000 84: 1,333	81: 5,000 84: 1,333	-0- [6,10,13]
Access Lake Sakakawea (Mercer County)(665)(585)	1981; 1984	81: 3,580 84: 1,000	81: 3,580 84: 1,000	-0- [6,10,13]
Oahe Reservoir Recreation Area (Emmons County)(600)(585)				
Beaver Bay Recreation Area (Emmons County)(600)(585)	1982; 1984	82: 2,625 84: 700	82: 438 84: 1,226	-0- [7,13,14]
Hazleton Recreation Area (Emmons County) (600)(585)				
Little Missouri Bay Recreation Area (Dunn County, Lake Sakakawea)(600)(585)	1982; 1984	82: 3,880 84: 1,036	82: 2,386 84: 261	-0- [7,13,14]
Lake Ashtabula (Barnes County) (600)(585)	1982; 1984	82: 400 84: 106	82: 124 84: 345	-0- [7,13,14]
Pipestem Lake & Jamestown Reservoir (Stutsman County) (586)	1985	1,710	1,710	-0- [15]
OHIO				
Paint Creek Reservoir (628, 631)	1976; 1977	76: 2,546 77: 1,410	76: 615 77: -0-	3,341 [1]
PENNSYLVANIA				
Hawlock Road (628, 631)	1976; 1977	1,263	-0-	1,263 [1]
Lake Raystown (628, 631)	1976; 1977	1,884	1,884	-0-
Bliss Road (Tioga County)(665)	1981	1,875	1,875	-0- [10]
Route T-430 (Huntingdon County) (Raystown)(665)	1981	2,400	2,400	-0- [10]
SOUTH DAKOTA				
Dodge Draw on Lake Oahe (Potter County) (586)	1985	310	310	-0- [15]

State and Project	Project Designated in Appropriations Act for Fiscal Year	Allocations[4,12] ($000)	Obligations Thru 9-30-86 ($000)	Lapsed ($000)
TENNESSEE				
Casey Cove Road (628) Pioneer Road (665)	1976 1978; 1983	$ 500 78: 550 83:- 525	$ 500 -0-	$ -0- [1] 25 [1,5,11]
TEXAS				
Tickey Creek Park Road (628)	1976	383	383	-0- [1]
VIRGINIA				
Route 600 to Moomaw Lake (Bath County) (586)	1985	488	488	-0- [15]
TOTAL:		$ 73,112	$ 62,506	$ 6,659

Financial Summary:

State	Allocations ($000)	Obligations ($000)	Unobligated Balance ($000)	Lapsed ($000)
Arkansas	$ 780	$ 780	$ -0-	$ -0-
California	2,800	2,800	-0-	-0-
Illinois	570	570	-0-	-0-
Indiana	11,292	9,867	-0-	1,425
Iowa	2,200	2,200	-0-	-0-
Kansas	6,730	6,730	-0-	-0-
Michigan	17	17	-0-	-0-
Mississippi	2,274	1,669	-0-	605
Nevada	1,000	1,000	-0-	-0-
New Mexico	2,250	2,250	-0-	-0-
North Dakota	30,115	26,168	3,947	-0-
Ohio	3,956	615	-0-	3,341
Pennsylvania	7,422	6,159	-0-	1,263
South Dakota	310	310	-0-	-0-
Tennessee	525	500	-0-	25
Texas	383	383	-0-	-0-
Virginia	488	488	-0-	-0-
	$ 73,112	$ 62,506	$ 3,947	$6,659

NOTES:

1 Completed or funding lapsed.

2 House Report to 80 DOT Appropriations Act (P.L. 96-131) directed $800 K for Lake Red Rock to be used on Saylorville Lake, Polk County.

3 Funding also provided for original project in appropriations to Corps of Engineers.

4 Except as noted, funds available for fiscal year + 2 years. The Federal share 75 percent until 1/6/83 obligations.

5 1981 DOT Appropriations Act (P.L. 96-400) extends availability of appropriations in 1978 Act (P.L. 95-85) until 9/30/83.

6 In P.L. 97-12, 1981 Supplemental Appropriations Act.

7 In 1982 Supplemental Appropriations Act (P.L. 97-257). Sums available until expended.

8 House Report on P.L. 97-257 changed locations (from Corps project northeast to Yalobusha County in Mississippi). Minor location changes also permitted administratively in early 1984.

9 P.L. 97-257 extends availability of appropriations in 1980 DOT Appropriations Act (P.L. 96-131) until 9/30/84.

10 1983 Supplemental Appropriations Act (P.L. 98-63) extends availability to 9/30/84.

11 $825 K deallocated to allow fund transfers to NHTSA and FRA i.a.w. P.L. 98-63.

12 1984 DOT Appropriations Act (P.L. 98-78) increases Federal share from 75 percent to 95 percent for obligations after 1/6/83.

13 P.L. 98-78 provides $4.27 million to increase Federal share to 95 percent for certain North Dakota projects. Available until 9/30/84.

14 Supplemental 1-year funds from P.L. 98-78 interchangeable with no-year funds from P.L. 97-257.

15 1985 Appropriations Act (P.L. 98-473) provides $5.0 million. Unlike earlier appropriations, no earmarking in legislative history. Available until 9/30/85.

EXPRESSWAY GAP CLOSING PROJECT

Mr. PURSELL. For fiscal year 1986, we appropriated $8.613 million for the expressway gap closing demonstration project.

How much of this appropriation will be obligated in fiscal year 1986? How much has been obligated to date and for what specific work?

[The information follows:]

At the time the Fiscal Year 1987 Budget was prepared, we estimated the entire $8.6 million would be obligated by the close of the fiscal year. Our latest estimate of obligations for Fiscal Year 1986 is $1.0 million leaving an unobligated balance of $7.6 million.

INTERSTATE TRANSFER-HIGHWAY OBLIGATIONS

Mr. PURSELL. How much has been obligated in interstate transfer-highway funds to date in fiscal year 1986?

[The information follows:]

Of the amount authorized out of the Highway Trust Fund for this program, a total of $240.7 million has been obligated in FY 1986.

INTERSTATE TRANSFER—HIGHWAYS

Mr. PURSELL. Please provide a breakdown of these obligations by location, including the balance of the appropriated but unobligated balance.

[The information follows:]

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

STATUS OF INTERSTATE TRANSFER GRANTS-HIGHWAYS

(As authorized from the Highway Trust Fund)

AS OF FEBRUARY 28, 1986

STATE	WITHDRAWAL AREA	FY 1986 OBLIGATIONS	UNOBLIGATED BALANCE
ARIZONA	Tucson	$0	$1,504,891
CALIFORNIA	San Francisco	0	2,282,181
COLORADO	Denver	2,752,617	34,316,029
CONNECTICUT	Bolton to Killingly	5,502,513	36,787,387
	Hartford-New Britain	(1,597,731)	50,687,810
DISTRICT OF COLUMBIA	Washington	6,036,029	11,821,441
GEORGIA	Atlanta	(975,336)	14,258,923
ILLINOIS	Chicago	47,335,493	103,130,356
INDIANA	Indianapolis	6,481,140	2,430,754
IOWA	Waterloo	7,041,009	35,306,911
MARYLAND	Baltimore	92,968,609	30,242,325
	Bowie to Millersville	5,697,291	0
	Washington	0	0
MASSACHUSETTS	Boston	8,242,653	3,630,116
	Fall River to Providence	(423,869)	1,879,781
MINNESOTA	Duluth	(116,811)	8,802,845
	Minneapolis-St. Paul	425,564	4,541,986
NEBRASKA	Omaha	16,398	2,715,048
NEW JERSEY	New York City	(134,891)	7,279,168
	New York City to Trenton	1,978,013	27,037,152
	Philadelphia	312,388	17,890,011
NEW YORK	Albany	630,572	6,499,232
	New York City	12,937,464	146,417
OHIO	Cleveland	1,270,116	33,189,557
OREGON	Portland	4,338,342	20,534,389
	Salem	192,764	2,301,086
PENNSYLVANIA	Philadelphia	(20,604)	13,802,215
	Pittsburgh	812,600	7,272,221
RHODE ISLAND	Rhode Island	8,752,923	51,650,181
TENNESSEE	Memphis	20,506,679	1,161,164
VIRGINIA	Washington	9,747,970	0
TOTAL	TOTAL.................	$240,709,905	$533,101,577

FY 1986 OBLIGATIONS

Mr. PURSELL. What have the States obligated to date in fiscal year 1986 for the federal-aid highway program?

[The information follows:]

As of February 28, 1986, the States had obligated a total of $6,643,074,208 for the Federal-aid highway program.

OBLIGATION CEILING

Mr. PURSELL. Provide for the record your estimated breakdown by program of the requested $12.42 billion obligation ceiling for fiscal year 1987.

[The information follows:]

Estimated Obligations by Program Subject to the Federal-Aid Highways Obligation Limitation

Programs	*Millions*
Subject to Limitation:	
Interstate	0
Interstate 4R	0
Primary	0
Interstate/Primary	$7,464
Interstate Substitution	500
Secondary	0
Urban	0
Bridge Replacement	1,175
Safety Construction	325
Motor Carrier Safety Grants	50
Highway Block Grant	2,200
Miscellaneous	507
Administration	199
Total	12,420

FEDERAL-AID HIGHWAY AUTHORIZATIONS AND OBLIGATIONS

Mr. PURSELL. Also provide for the record a list, similar to that on page 1208 of last year's hearing record, of federal-aid program authorizations and obligations for fiscal year 1986.

[The information follows:]

Federal-Aid Highway Program Authorizations and Obligations
FY 1986
(In thousands of dollars)

Program Categories	Authorizations	Obligations as of February 28, 1986
Interstate:		
Interstate	$3,828,000	$1,635,187
Interstate 4R	3,014,550	1,298,895
Interstate substitutions	693,825	232,119
Non-Interstate program:		
Primary and primary minimum	2,396,397	1,284,389
Secondary	622,050	202,719
Urban	765,600	326,561
HPR	0	125,302
Metropolitan planning	0	28,943
Forest highways	47,850	7,784
Indian reservation roads	95,700	207
Parkways and park highways	95,700	4,963
Public lands	47,850	7,903
Freight-to-water demonstration	0	2,164
Demonstration authorized by section 131(b) and 131(j)	23,925	31,068
Acceleration of construction demo.	0	0
Louisville prim. connector accel. demo.	0	0
Franconia notch	0	247
Bypass highway	0	-8045
Zilwaukee bridge	0	0
Great river road	0	125
Emergency relief	95,700	30,150
Union station	0	1,046
Wilson bridge	0	93
Economic growth centers	0	(275)
Minimum allocation	622,137	216,894
Alaska highway	0	8,000
Safety programs:		
Rail highway crossings	181,830	78,202
Hazard elimination	131,400	95,851
Bridge replacement and rehabilitation	1,961,850	947,555
Administration	0	85,000
Grand Total, including exempt programs	$14,684,364	$6,643,047

* Numbers may not add due to rounding.

INTERSTATE HIGHWAY STATUS REPORT

Mr. **Pursell.** Please update for the record the table on page 1209 of last year's hearing record which shows the status of the interstate system.

[The information follows:]

Status of Interstate System as of Dec. 31, 1985:	*Miles*
Open-to-traffic	41,297
Under construction	601
Engineering and Right-of-Way	468
Preliminary Status	134
Total	42,500

FEDERAL-AID HIGHWAYS DISCRETIONARY PROJECTS

Mr. **Pursell.** Please update the list on page 1209 of last year's hearing record which shows seven discretionary projects under federal-aid highways, and their authorized and obligated amounts.

[The information follows:]

[In thousands of dollars]

	Fiscal year 1985		Fiscal year 1986 [1]	
	Authorizations	Obligations	Authorizations	Obligations
Discretionary Interstate Construction	$300,000	479,824	287,100	76,586
Discretionary Interstate Substitution	175,000	174,947	173,456	4,890
Discretionary Priority Primary	0	0	0	(58)
Discretionary bridge	200,000	206,273	191,400	141,196
Economic Growth Centers	0	6,868	0.	(275)
Emergency Relief	100,000	71,506	95,700	30,150
Public Lands highways	50,000	50,235	47,371	7,903

[1] Fiscal year 1986 authorizations reflect Mar. 1, 1986, reductions pursuant to Public Law 99-177. Obligations are as of Feb. 28, 1986.

BRIDGE REPLACEMENT AND REHABILITATION FUNDS

Mr. **Pursell.** Also, please provide a table similar to the one on page 1210 of the fiscal year 1986 hearing record that shows the apportionment of highway bridge replacement and rehabilitation funds by state.

Please provide the information for fiscal years 1983 through 1986.

[The information follows:]

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

APPORTIONMENT OF HIGHWAY BRIDGE REPLACEMENT AND REHABILITATION FUNDS

STATE	APPORTIONMENT FOR FISCAL YEAR 1983	APPORTIONMENT FOR FISCAL YEAR 1984	APPORTIONMENT FOR FISCAL YEAR 1985	APPORTIONMENT FOR FISCAL YEAR 1986
ALABAMA	28,049,882	30,826,316	33,602,974	36,347,225
ALASKA	3,420,000	3,571,250	3,831,250	4,573,750
ARIZONA	3,420,000	3,571,250	3,831,250	4,573,750
ARKANSAS	27,659,310	28,532,573	28,938,657	30,081,005
CALIFORNIA	34,432,150	32,974,637	46,695,455	59,752,019
COLORADO	14,922,828	14,811,259	18,626,031	20,470,276
CONNECTICUT	21,166,927	30,360,053	32,645,775	42,048,679
DELAWARE	3,420,000	3,571,250	3,831,250	4,573,750
FLORIDA	26,592,691	22,650,725	25,744,621	31,024,701
GEORGIA	26,959,888	27,702,043	30,729,843	41,555,446
HAWAII	3,420,000	3,571,250	3,831,250	4,573,750
IDAHO	4,859,589	5,312,163	5,019,091	5,125,344
ILLINOIS	48,694,781	54,080,867	50,886,356	61,345,696
INDIANA	38,437,380	36,786,304	39,776,038	35,167,381
IOWA	37,929,347	36,976,008	37,719,882	45,227,435
KANSAS	43,294,888	40,569,971	41,507,609	48,745,015
KENTUCKY	27,366,840	22,473,333	23,259,212	25,797,048
LOUISIANA	33,637,793	38,735,635	39,689,758	43,918,682
MAINE	6,955,459	7,780,325	6,635,790	6,651,330
MARYLAND	23,691,434	27,218,925	27,990,959	33,193,533
MASSACHUSETTS	24,834,398	29,879,649	38,691,794	51,738,985
MICHIGAN	15,920,237	20,243,845	22,330,211	30,524,293
MINNESOTA	24,253,272	24,323,212	23,687,393	29,459,341
MISSISSIPPI	38,245,450	35,678,073	35,926,244	32,864,589
MISSOURI	67,779,381	70,973,737	70,171,336	83,698,161
MONTANA	10,141,942	11,412,715	13,977,320	10,264,776
NEBRASKA	24,017,839	24,325,641	27,681,088	31,121,990
NEVADA	3,420,000	3,571,250	3,831,250	4,573,750
NEW HAMPSHIRE	8,263,404	8,775,847	10,435,559	12,163,980
NEW JERSEY	53,793,454	68,731,270	84,548,791	98,504,854
NEW MEXICO	3,420,000	5,012,892	5,908,094	6,890,629
NEW YORK	134,000,000	142,850,000	153,250,000	182,950,000
NORTH CAROLINA	58,725,735	53,181,769	45,855,925	47,981,016
NORTH DAKOTA	7,205,256	7,051,505	7,980,647	9,234,401
OHIO	39,199,219	40,802,531	51,267,029	62,352,104
OKLAHOMA	28,611,857	37,556,122	34,027,703	46,032,964
OREGON	15,695,186	14,097,152	15,430,589	17,006,403
PENNSYLVANIA	81,511,049	86,781,518	97,637,604	125,623,340
RHODE ISLAND	4,537,930	3,985,801	5,882,655	6,657,734
SOUTH CAROLINA	12,614,054	12,804,217	12,658,603	17,056,612
SOUTH DAKOTA	5,476,788	6,632,383	8,114,434	9,901,437
TENNESSEE	49,285,031	49,241,538	52,185,610	76,406,702
TEXAS	62,039,020	63,200,411	63,161,987	75,218,246
UTAH	3,420,000	3,571,250	3,831,250	4,573,750
VERMONT	6,442,733	7,179,355	8,238,107	9,120,972
VIRGINIA	17,975,920	20,464,834	22,387,679	26,719,665
WASHINGTON	27,311,436	25,657,003	28,578,979	39,164,472
WEST VIRGINIA	30,150,720	28,758,369	70,683,189	38,301,843
WISCONSIN	27,584,899	31,692,273	35,509,404	42,587,101
WYOMING	3,420,000	3,571,250	3,831,250	4,573,750
DIST. OF COL.	14,135,995	8,844,701	9,400,815	8,540,472
PUERTO RICO	3,420,000	3,571,250	3,831,250	4,573,750
TOTAL	1,368,000,000	1,428,500,000	1,532,500,000	1,829,500,000

MINIMUM ALLOCATION STATES

Mr. **Pursell**. For the record, update the list on page 1211 of last year's hearing record which shows state allocations for the minimum allocation fund by adding fiscal year 1986 and estimates for fiscal year 1987.

[The information follows:]

The following table provides the distribution of minimum allocation funds for fiscal years 1984 through 1986. As authorizations have not yet been enacted for FY 1987, it is not possible to estimate a minimum allocation distribution. The Administration's proposed Surface Transportation Reauthorization Act of 1986 would cap the minimum allocation apportionment at $250 million.

	Fiscal year—		
	1984 amount	1985 amount	1986 amount [1]
State:			
Arkansas	0	13,009,368	8,112,723
California	55,296,107	118,254,298	114,146,342
Florida	50,782,474	0	0
Illinois	3,617,138	42,155,814	23,720,976
Indiana	34,357,020	96,168,229	61,674,243
Michigan	36,643,259	60,327,974	0
Missouri	0	37,431,967	0
North Carolina	7,798,862	90,282,069	59,719,287
Ohio	49,688,093	110,100,534	82,445,904
Oklahoma	12,420,758	54,198,214	40,435,121
South Carolina	0	1,388,824	8,569,410
Tennessee	0	30,719,459	0
Texas	169,466,242	252,182,233	189,733,456
Wisconsin	3,962,898	53,730,048	33,579,149
Total	424,032,851	959,949,031	622,136,611

[1] Reflects Mar. 1, 1986, reductions pursuant to Public Law 99-177.

"OTHER" FEDERAL-AID HIGHWAY OBLIGATIONS

Mr. **Pursell**. Please update the chart on page 1211 of last year's hearing record which breaks out the estimated obligations for "other" federal-aid programs.

[The information follows:]

ANALYSIS OF "OTHER" FEDERAL-AID PROGRAMS ESTIMATED OBLIGATIONS

[In thousands of dollars]

	FY 1986 (est.)	FY 1987 (est.)
Federal Lands Hwy. Program	264	200
Dodge Island Bridge (131b)	0	23
Economic Growth Centers	4	0
Strategic Hwy. Research Program	0	30
Hwy. Planning and Research	169	136
Metro Planning	67	60
Freight to Water Demo. (131a)	9	7
Shoreline Erosion Demo. (131c)	1	1
Traffic Congestion Demo. (131d)	5	0
Accel. Const. Demo. (131e)	0	0
Cert. Accel, Demo. (131f)	7	25
Lake Road Erosion (131g)	0	0
Truck Safety Demo. (131i)	2	0
Bypass Highway	0	0

ANALYSIS OF "OTHER" FEDERAL-AID PROGRAMS ESTIMATED OBLIGATIONS—Continued

[In thousands of dollars]

	FY 1986 (est.)	FY 1987 (est.)
Great River Road	0	0
Acosta Bridge	24	0
Bridges on Federal Dams	0	2
Urgent Supplemental Bridges	1	0
Franconia Notch	4	0
Accelerated Bridges		7
Woodrow Wilson Bridge		0
Union Station		4
Gap Closing Demo. (131b)		0
Usable Segments Demo. (131j)		0
Territorial Highway Program		12
Total	557	507

MISCELLANEOUS APPROPRIATIONS LAPSE

Mr. PURSELL. Why did you lapse $2.241 million under this account?

[The information follows:]

The lapse amount of $2.241 million was the result of recoveries of prior year obligations in accounts which, by law, are no longer available for obligation and therefore must be returned to the Treasury as a lapse.

MISCELLANEOUS PROGRAMS

Mr. PURSELL. On page 176, you list 14 miscellaneous appropriations with a combined unobligated balance of $81.737 million at the start of fiscal year 1986.

Will these funds be fully obligated during fiscal year 1986, and how much has been obligated during fiscal year 1986 to date?

[The information follows:]

We anticipate the full $87.1 million to be obligated by the end of the fiscal year. Obligations through February 28, 1986, are $3.1 million

ORANGE, TEXAS PROJECT

Mr. PURSELL. For fiscal year 1986, we transferred $4.0 million from unobligated balances of UMTA's research, training and human resources account for necessary expenses to carry out a project to consolidate two rail lines on a common alignment in the vicinity of Orange, Texas.

How much of this transfer will be obligated in fiscal year 1986? How much has been obligated to date and for what specific work?

[The information follows:]

At the time the fiscal year (FY) 1987 budget was prepared, we estimated the entire $4.0 million would be obligated by the close of the fiscal year. Our latest estimate of obligations for FY 1986 is $380,000, leaving an unobligated balance of $3,620,000. The funds have just been made available to us therefore no obligations have been incurred.

SHAWNEE, OKLAHOMA PROJECT

Mr. PURSELL. For fiscal year 1986, we transferred $1.350 million from unobligated balances of UMTA research, training and human resources account for necessary expenses to carry out a highway project to depress a highway in Shawnee, Oklahoma. How much of this transfer will be obligated in fiscal year 1986?

How much has been obligated to date and for what specific work?

[The information follows:]

At the time the fiscal year (FY) 1987 budget was prepared, we estimated the entire $1.35 million would be obligated by the close of the fiscal year. Our latest estimate of obligations for FY 1986 is $200,000, leaving an unobligated balance of $1,150,000. These funds have just become available to us therefore no obligations have been incurred.

MISCELLANEOUS HIGHWAY TRUST FUNDS

Mr. PURSELL. The miscellaneous highway trust fund account was established to display trust fund programs for which funds are no longer requested. At the close of fiscal year 1985 there was an unobligated balance of $4.056 million for five sub-accounts. How much has been obligated in fiscal year 1986 to date?

[The information follows:]

As of February 28, 1986, $121,000 has been obligated under Miscellaneous Highway Trust Funds. In accordance with conference Report 99-450, $500,000 of the unobligated balance of Miscellaneous Highway Trust Funds has been transferred to the National Highway Traffic Administration for use on the Seatbelt Program.

UNOBLIGATED BALANCES

Mr. PURSELL. Provide for the record a list of each project and the unobligated balances remaining for each.

[The information follows:]

The following amounts represent unobligated balances of the account, Miscellaneous Highway Trust Funds as of February 28, 1986:

Intermodal Urban Demonstration Project	$2,467,683
Overseas Highways	934,948
Baltimore Washington Parkway	2,871,000
Carpool/vanpool support program	804,100

RIGHT-OF-WAY REVOLVING FUND BALANCE

Mr. PURSELL What is the current balance of the ROW fund?

[The information follows:]

As of February 28, 1986, the unobligated balance of the Right-of-way Revolving Fund was $65.392 million. However, there is a $47.85 million (after Gramm Rudman) limitation of FY 1986 gross obligations of which $23.3 million has been used through 2-28-86 leaving a balance of $24.55 million.

ADVANCES AND REIMBURSEMENTS TO R-O-W FUND

Mr. PURSELL. For the record, please update the table on page 1224 of last year's hearing record showing advances and reimbursements to the ROW fund by adding fiscal years 1985 and 1986 to date.

[The information follows:]

Fiscal year	ROW revolving fund advances	Reimbursements by State highway agencies
1981	54,080,242.65	46,654,778.02
1982	41,152,056.63	39,782,835.61
1983	41,095,396.36	88,575,416.63
1984	19,591,348.73	37,393,967.68
1985	49,498,062.15	64,597,352.89
1986 (10/1/85 to 2/28/86)	19.183,639.67	16,908,516.58

R-O-W EXTENSIONS

Mr. PURSELL. For the record, please update the information on page 1224 of last year's hearing record which shows the extensions that have been granted for reimbursement to the ROW revolving fund.

[The information follows:]

The Secretary has granted 12 extensions ranging from 1 to 5 years in time.

State	Projects	Obligated	
Colorado	(1)	$2,900,000	1
Maine	(1)	76,000	1
Minnesota	(1)	12,600,000	1
Missouri	(1)	10,500,000	
Pennsylvania	(2)	15,600,000	1
Utah	(2)	1,300,000	1
Vermont	(2)	846,000	1
Washington	(1)	4,500,000	2
Alaska	(1)	200,000	

The following actions have been taken with the above: 1. Converted to regular financing; 2. Withdrawn.

R-O-W OUTSTANDING LOANS

Mr. PURSELL. How much is outstanding in loans from the ROW fund?

[The information follows:]

As of February 28, 1986, the outstanding loans from the Right-of-Way Revolving Fund is $117,826, 775.30.

Mr. PURSELL. Please update the information on page 891 of last year's hearing record that shows the amounts states have obligated from the ROW revolving fund starting in 1980, by adding the amounts for fiscal year 1985 and 1986 to date?

[The information follows:]

The States have obligated:

1986 (to March 31, 1986)	47,325,600
1985	50,000,000
1984	29,904,077
1983	32,000,000
1982	31,100,000
1981	30,300,000
1980	15,200,000

R-O-W REVOLVING FUND

Mr. **Pursell**. You have estimated cash repayments to the right-of-way revolving fund of $50 million for fiscal year 1985. How much have you collected to date in this fiscal year?

[The information follows:]

For the period of October 1, 1985, through February 28, 1986, the Federal Highway Administration has collected $16,908,515.58 in the Right-of-Way Revolving Fund.

RECEIPTS TO THE FUND

Mr. **Pursell**. What do you estimate will be the receipts to the fund in fiscal years 1986 and 1987?

[The information follows:]

We completed a field survey to determine projected actual receipts to the fund which revealed a return of $24 million in 1986 and $23 million in 1987.

HIGHWAY TRUST FUND BALANCE

Mr. **Pursell**. What is the current balance of the Highway Trust Fund?

[The information follows:]

The balance in the Highway Trust Fund as of December 31, 1985, which is the latest date for which that data is available, is $12,490,601,812.76. Of this amount, $9,835,734,138.58 is attributable to the highway account.

APPORTIONMENT FACTORS

Mr. PURSELL. For the record, please provide the apportionment factors from the most recent interstate cost estimate submitted to Congress.

[The information follows:]

TABLE 5 - ESTIMATED FEDERAL-AID AND STATE MATCHING FUNDS TO COMPLETE THE SYSTEM AND APPORTIONMENT FACTORS FOR DISTRIBUTION OF THE 1987 FISCAL YEAR AUTHORIZATION
(Revised from Table 5 Committee Print 99-1 to reflect transfers, apportionments, discretionary allocations, and other adjustments.)

STATE	ESTIMATED FEDERAL-AID AND STATE MATCHING FUNDS REQUIRED TO COMPLETE SYSTEM (THOUSANDS)	ESTIMATED FEDERAL SHARE OF FUNDS REQUIRED TO COMPLETE SYSTEM (THOUSANDS)	APPORTIONMENT FACTORS (PERCENT)
ALABAMA	479,135	431,222	2.829
ALASKA	0	0	0.000
ARIZONA	291,755	275,125	1.805
ARKANSAS	0	0	0.000
CALIFORNIA	1,643,172	1,503,667	9.863
COLORADO	315,809	287,481	1.886
CONNECTICUT	405,087	364,579	2.391
DELAWARE	0	0	0.000
DIST. OF COL.	109,140	98,226	0.644
FLORIDA	1,454,676	1,309,208	8.588
GEORGIA	556,744	501,070	3.287
HAWAII	463,114	416,803	2.734
IDAHO	146,302	135,037	0.886
ILLINOIS	89,463	80,517	0.528
INDIANA	70,809	63,728	0.418
IOWA	0	0	0.000
KANSAS	70,360	63,324	0.415
KENTUCKY	422,044	379,839	2.491
LOUISIANA	982,340	884,106	5.799
MAINE	0	0	0.000
MARYLAND	462,835	416,551	2.732
MASSACHUSETTS	739,285	665,357	4.364
MICHIGAN	385,201	346,681	2.274
MINNESOTA	483,146	434,831	2.852
MISSISSIPPI	43,928	39,535	0.259
MISSOURI	34,474	31,026	0.203
MONTANA	42,956	39,180	0.257
NEBRASKA	0	0	0.000
NEVADA	32,372	30,753	0.202
NEW HAMPSHIRE	24,369	21,932	0.144
NEW JERSEY	615,261	600,161	3.937
NEW MEXICO	54	50	0.000
NEW YORK	1,644,698	1,480,229	9.709
NORTH CAROLINA	264,667	238,200	1.562
NORTH DAKOTA	0	0	0.000
OHIO	155,516	139,964	0.918
OKLAHOMA	95,347	85,812	0.563
OREGON	133,184	122,822	0.806
PENNSYLVANIA	887,585	798,826	5.240
RHODE ISLAND	0	0	0.000
SOUTH CAROLINA	238,531	214,677	1.408
SOUTH DAKOTA	0	0	0.000
TENNESSEE	67,554	60,798	0.399
TEXAS	956,269	860,642	5.645
UTAH	331,659	312,324	2.049
VERMONT	0	0	0.000
VIRGINIA	784,564	706,108	4.632
WASHINGTON	825,212	747,972	4.906
WEST VIRGINIA	63,459	57,113	0.375
WISCONSIN	0	0	0.000
WYOMING	0	0	0.000
TOTAL	16,812,074	15,245,476	100.000

BRIDGE DISCRETIONARY REQUESTS

Mr. PURSELL. Also, update the information on pages 1219 through 1220 of last year's hearing record on pending discretionary bridge applications by state.

[The information follows:]

Discretionary Bridge Program
Fiscal Year 1986 Funds Requested
(Unfunded Projects)

RANKING FACTOR	BRIDGE NAME	STATE	MAJOR FUNDING FY 86	PROJECT COST	FEDERAL-AID FUNDS REQUESTED FOR FY 86
0.95	WEST END BRIDGE	PENNSYLVANIA	ROW	$13,200,000.00	$400,000.00
1.47	14TH STREET BRIDGE	GEORGIA	PE	$11,529,000.00	$800,000.00
1.58	NEWARK VIADUCT (NJ RTE 21)	NEW JERSEY	PE	$27,100,000.00	$1,440,000.00
3.04	ILLINOIS SR 146 OVER MS RIVER	MISSOURI	PE	$32,500,000.00	$80,000.00
3.21	WILLIAMSBURG BRIDGE	NEW YORK	PE	$286,800,000.00	$4,000,000.00
3.28	OLDTOWN BRIDGE	IDAHO	CON	$10,120,000.00	$8,089,600.00
4.36	NIANTIC RIVER BRIDGE	CONNECTICUT	PE	$37,288,750.00	$2,800,000.00
4.94	PORT VUE BRIDGE	PENNSYLVANIA	ROW	$17,000,000.00	$1,600,000.00
5.02	SR 115 OVER MISSOURI RIVER	MISSOURI	PE	$41,000,000.00	$80,000.00
5.04	SR 5 OVER MISSOURI RIVER	MISSOURI	PE	$16,900,000.00	$80,000.00
5.11	CATAWISSA BRIDGE	PENNSYLVANIA	CON	$11,475,000.00	$7,900,000.00
5.21	RT. 9 OVER BASS RIVER	NEW JERSEY	PE	$16,122,000.00	$640,000.00
5.26	POTATO SLOUGH	CALIFORNIA	PE	$12,928,750.00	$578,000.00
5.53	23RD ST VIAD INCL DELIV RAMP	COLORADO	PE	$17,541,867.00	$1,400,000.00
5.58	ARROYO SECO CANYON BRIDGE	CALIFORNIA	PE	$13,500,000.00	$1,120,000.00
5.92	MAYNARD STREET BRIDGE	PENNSYLVANIA	ROW	$10,800,000.00	$925,000.00
6.53	BRICKELL AVENUE BRIDGE	FLORIDA	PE	$10,369,000.00	$408,000.00
6.86	SR 115 OVER TENNESSEE RIVER	TENNESSEE	PE	$15,219,000.00	$240,000.00
7.09	RT. 9 OVER RARITAN RIVER	NEW JERSEY	PE	$12,822,000.00	$897,600.00
7.55	WILLIAM B. CRUMPTON BRIDGE	ALABAMA	CON	$14,045,468.00	$11,236,374.00
7.68	SIXTH ST. BR. OVER SAGINAW RV.	MICHIGAN	PE	$30,800,000.00	$1,360,000.00
7.70	PRESCOTT BRIDGE	WISCONSIN	PE	$12,840,000.00	$1,120,000.00
7.83	OLD WILLIAMSTOWN-MARIETTA BR	WEST VIRGINIA	PE	$20,000,000.00	$1,600,000.00
9.68	SOUTH SLOUGH BRIDGE	OREGON	PE	$12,900,000.00	$960,000.00
10.09	BLOOMINGTON FERRY BRIDGE	MINNESOTA	PE	$43,450,000.00	$2,200,000.00
10.14	APPOMATTOX BRIDGE	VIRGINIA	PE	$13,200,000.00	$240,000.00
10.42	WALNUT STREET BRIDGE	PENNSYLVANIA	CON	$26,200,000.00	$20,960,000.00
10.87	MILTON BRIDGE	PENNSYLVANIA	CON	$10,100,000.00	$8,080,000.00
11.14	SR 8 OVER TENNESSEE RIVER	TENNESSEE	PE	$16,200,000.00	$240,000.00
11.22	BAINBRIDGE STREET BRIDGE	PENNSYLVANIA	CON	$7,700,000.00	$6,160,000.00
11.67	GIRARD & BELMONT AVE. BR.	PENNSYLVANIA	CON	$19,900,000.00	$13,984,000.00
11.79	LEWISBURG BRIDGE	PENNSYLVANIA	ROW	$10,600,000.00	$644,000.00
13.34	HIGHLAND PARK BRIDGE	PENNSYLVANIA	CON	$18,310,000.00	$14,648,000.00
13.94	DAN RYAN EXPRESSWAY	ILLINOIS	CON	$108,310,000.00	$15,120,000.00
14.77	TARENTUM BRIDGE	PENNSYLVANIA	CON	$12,900,000.00	$9,600,000.00
15.77	RT 147 OVER GRASSY SOUND	NEW JERSEY	ROW	$26,445,000.00	$1,316,000.00
15.84	BROOKLYN-BRIGHTON BRIDGE	OHIO	CON	$20,460,000.00	$15,680,000.00
16.48	NORTH STAR BRIDGE	MINNESOTA	PE	$10,400,000.00	$400,000.00
16.49	RT 152 OVER BROAD THOROFARE	NEW JERSEY	CON	$24,580,000.00	$17,600,000.00
17.26	ALSEA BAY BRIDGE	OREGON	PE	$40,400,000.00	$1,920,000.00
17.30	MIFFLINVILLE BRIDGE	PENNSYLVANIA	PE	$13,300,000.00	$1,040,000.00
18.98	KINGS HIGHWAY BRIDGE	VIRGINIA	PE	$13,700,000.00	$640,000.00
19.10	LAKE STREET BRIDGE	MINNESOTA	PE	$17,720,000.00	$800,000.00
19.16	RT 169 SB OVER WAVERLY YARDS	NEW JERSEY	PE	$52,000,000.00	$4,000,000.00
19.19	FATHER BAKER BRIDGE	NEW YORK	CON	$23,000,000.00	$3,722,000.00
20.06	FORD CITY BRIDGE	PENNSYLVANIA	PE	$19,263,750.00	$1,200,000.00
20.90	SHADLE BRIDGE	WEST VIRGINIA	PE	$15,000,000.00	$1,200,000.00
21.04	DANVILLE BRIDGE	PENNSYLVANIA	ROW	$12,700,000.00	$1,107,000.00
21.23	WELLS AVENUE OVERPASS	NEVADA	PE	$12,700,000.00	$210,000.00
23.74	US 84 OV RED RIVER @ COUSHATTA	LOUISIANA	CON	$16,000,000.00	$12,800,000.00
26.14	US 40 OVER MISSOURI RIVER	MISSOURI	CON	$23,200,000.00	$5,000,000.00
26.97	US 27 OVER OHIO R (CENTRAL BR)	KENTUCKY	PE	$30,000,000.00	$2,080,000.00
27.19	MCKEES ROCKS BRIDGE	PENNSYLVANIA	CON	$17,640,000.00	$12,800,000.00

RANKING FACTOR	BRIDGE NAME	STATE	MAJOR FUNDING FY 86	PROJECT COST	FEDERAL-AID FUNDS REQUESTED FOR FY 86
29.50	13TH STREET VIADUCT	GEORGIA	CON	$10,900,000.00	$8,720,000.00
32.19	SANTA CLARA RIVER BRIDGE	CALIFORNIA	PE	$16,235,000.00	$600,000.00
33.28	PORT ORANGE CAUSEWAY	FLORIDA	ROW	$13,140,000.00	$1,007,200.00
35.09	US63 OVER MO RV AT JEFF CITY	MISSOURI	PE	$29,700,000.00	$600,000.00
36.92	CITY WATERWAY BRIDGE	WASHINGTON	PE	$25,900,000.00	$370,000.00
37.20	PACKER ISLAND BRIDGE	PENNSYLVANIA	CON	$16,650,000.00	$11,700,000.00
42.76	NUECES BAY CAUSEWAY - NB	TEXAS	CON	$10,200,000.00	$8,160,000.00
42.79	US 81 OVER MISSOURI RIVER	SOUTH DAKOTA	PE	$1[illegible],800,000.00	$200,000.00
44.67	NUECES BAY CAUSEWAY -SB	TEXAS	CON	$11,800,000.00	$9,440,000.00
47.06	SR 291 OVER MISSOURI RIVER	MISSOURI	PE	$13,700,000.00	$80,000.00
47.88	US 30 OVER MISSOURI R. @ BLAIR	NEBRASKA	CON	$10,807,100.00	$6,320,000.00
48.35	EDISON BRIDGE	FLORIDA	PE	$45,036,000.00	$360,000.00
49.25	CONSTITUTION BRIDGE	PENNSYLVANIA	PE	$11,100,000.00	$400,000.00
55.80	WASHINGTON BAUM ROANOKE SOUND	NORTH CAROLINA	CON	$18,000,000.00	$14,400,000.00
56.73	OUACHITA RIVER BRIDGE	ARKANSAS	CON	$11,000,000.00	$8,000,000.00
58.74	EBEY SLOUGH BRIDGE	WASHINGTON	PE	$94,000,000.00	$300,000.00
67.99	WILLOW SLOUGH	KENTUCKY	PE	$17,510,000.00	$1,200,000.00
68.14	RED RIV BRIDGE AT FORT BUHLOW	LOUISIANA	PE	$35,000,000.00	$700,000.00
74.02	ACOSTA BRIDGE	FLORIDA	CON	$78,275,000.00	$236,000.00
84.67	SUSPENSION BRIDGE	KENTUCKY	PE	$30,600,000.00	$2,080,000.00
90.01	DICKEY PLACE BRIDGE	INDIANA	CON	$14,805,000.00	$11,844,000.00
94.19	JEWFISH CREEK BRIDGE	FLORIDA	PE	$36,939,000.00	$440,000.00
102.04	ARCH STREET BRIDGE	PENNSYLVANIA	PE	$13,400,000.00	$800,000.00
103.38	US 67 OV MISSISSIPPI RIVER	MISSOURI	PE	$70,542,000.00	$800,000.00
106.42	MARKET STREET BRIDGE	WEST VIRGINIA	PE	$25,000,000.00	$1,600,000.00
117.20	FITZHUGH BRIDGE	TENNESSEE	CON	$39,954,000.00	$31,963,200.00
119.89	WEST PENNWAY BRIDGE	MISSOURI	CON	$15,250,000.00	$9,800,000.00
131.00	US 36 OVER MISSISSIPPI RIVER	MISSOURI	PE	$25,200,000.00	$80,000.00
150.12	BOYNTON BEACH	FLORIDA	ROW	$16,814,000.00	$2,056,800.00
156.67	WHEELING SUSPENSION BRIDGE	WEST VIRGINIA	PE	$25,000,000.00	$1,500,000.00
194.99	EAGLE AVENUE BRIDGE	OHIO	PE	$40,000,000.00	$960,000.00
206.16	CHARTER OAK BRIDGE	CONNECTICUT	PE	$140,000,000.00	$8,600,000.00
473.10	TALMADGE BRIDGE	GEORGIA	CON	$82,000,000.00	$27,600,000.00

BRIDGE DISCRETIONARY ALLOCATION

Mr. **Pursell.** Please update the list on pages 1217 and 1218 of last year's hearing record which shows the large bridge projects by state which you will fund in the discretionary bridge program for this fiscal year, the estimated total project cost, and the allowable federal share of that cost.

[The information follows:]

The following table lists discretionary bridge projects funded (in millions of dollars) in fiscal year 1986. Most of the projects listed were also funded in fiscal years prior to 1986.

FISCAL YEAR 1986 DISCRETIONARY ALLOCATIONS

State and bridge	Total project cost	Total Federal cost	Discretionary funds allocated in FY 86
AL Cochrane Bridge	$116.0	$92.8	$34.080
CA Golden Gate Bridge	75.0	60.0	4.560
IL US 36 (Florence) Bridge	41.7	33.4	29.030
IL Franklin Street Bridge	39.0	31.2	.770
IL Staley Viaduct	31.8	25.4	.960
IA Burlington Bridge	35.3	28.2	.772
IA&AL Keokuk Bridge	32.0	25.6	.400
ME Million Dollar Bridge	106.0	84.8	1.200
MD US 50–301/Severn River Br	14.0	11.2	11.200
MN High Bridge	22.9	18.3	14.799
MN&WI Wabasha Bridge	11.6	9.3	2.860
MS&LA Natchez-Vidalia Br	61.8	49.4	3.320
MO ASB Bridge	51.8	41.4	1.000
MO US 67/Missouri River Br	24.3	19.4	.610
NE&IA Nebraska City Bridge	14.4	11.5	.480
NH Notre Dame Bridge	24.6	19.7	7.100
NY Brooklyn Bridge	138.9	111.1	52.080
NY Manhattan Bridge	143.0	114.4	.720
NY Queensboro Bridge	203.2	162.6	7.080
SC Sampit River Bridge	17.4	13.9	.200
SC James Island Bridge	96.0	76.8	9.760
VA Williams Viaduct	15.0	12.0	12.000
WV&OH Weirton-Steubenville Br	53.8	43.0	.500

VALLEY CITY ILLINOIS BRIDGE—LEGAL CONSIDERATION

Mr. **Pursell.** Last year in House report 99–256 we directed you to restore, pending resolution of legal obligations, previously allocated bridge discretionary funds that you withdrew for construction of a bridge near Valley City, Illinois. Have the outstanding legal obstacles been resolved, and if so, have the withdrawn funds been restored?

[The information follows:]

On October 4, 1985, $29.030 million in FY 86 discretionary bridge funds were allocated to Illinois for the Valley City bridge project. Construction bids were opened on January 8, 1986. The Court recently denied the plaintiff's request for a permanent injunction and the project is currently cleared for construction.

VALLEY CITY BRIDGE-COST

What is the total estimated cost for construction of the Valley City, Illinois Bridge?

[The information follows:]

The total estimated cost for construction of the Valley City, Illinois Bridge is $41.7 million.

EMERGENCY RELIEF

Mr. **Pursell.** Please update the table on page 1215 of last year's record which shows emergency relief funding.

[The information follows:]

EMERGENCY RELIEF OBLIGATIONS
Net Amounts (actual obligations less credits received)
($millions)

	FY '78 Obl.	FY '79 Obl.	FY '80 Obl.	FY '81 Obl.	FY '82 Obl.	FY '83 Obl.	FY '84 Obl.	FY '85 Obl.
ALABAMA	3.8	4.3	52.9	8.3	0.9	(1.3)	(0.1)	(0.1)
ALASKA	4.9	(0.4)	(0.6)	0.2	1.1	0.0	0.0	(0.3)
ARIZONA	1.0	13.4	12.6	20.3	8.8	1.1	10.7	9.6
ARKANSAS	0.0	0.0	0.0	0.0	0.0	7.5	7.5	0.5
CALIFORNIA	21.4	23.3	21.7	22.6	21.8	31.6	62.7	20.1
COLORADO	6.1	14.1	0.6	0.3	0.3	0.0	2.0	1.6
CONNECTICUT	0.0	0.0	0.0	0.0	5.8	4.4	2.4	4.7
DELAWARE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DIST. OF COL.	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
FLORIDA	(0.1)	(1.4)	5.3	0.5	14.1	0.0	0.0	0.0
GEORGIA	(1.1)	0.0	0.0	0.0	0.0	0.5	0.0	0.0
HAWAII	4.4	0.2	(0.2)	(0.1)	0.0	1.4	1.4	1.1
IDAHO	6.4	1.0	0.3	0.0	0.0	2.2	3.4	0.3
ILLINOIS	0.0	0.5	0.8	0.0	0.0	0.4	0.0	0.0
INDIANA	0.2	0.0	0.6	0.0	0.3	(0.1)	0.0	0.0
IOWA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KANSAS	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.2
KENTUCKY	1.2	0.5	0.8	1.6	(0.9)	0.0	(0.6)	1.1
LOUISIANA	0.5	0.7	(0.1)	0.0	(0.2)	0.0	1.0	0.8
MAINE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MARYLAND	4.8	2.7	1.1	1.5	0.1	(1.1)	(0.1)	0.1
MASSACHUSETTS	1.4	0.2	0.2	0.0	0.0	0.9	(0.1)	0.0
MICHIGAN	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MINNESOTA	0.1	3.6	0.1	0.2	0.1	0.0	0.0	0.0
MISSISSIPPI	0.0	5.1	3.4	3.4	0.2	0.2	2.5	4.4
MISSOURI	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0
MONTANA	0.9	0.0	0.0	2.0	1.6	1.0	(0.3)	(0.1)
NEBRASKA	0.8	1.0	0.1	0.0	0.0	0.0	0.0	0.9
NEVADA	0.0	0.0	0.0	0.0	0.0	2.9	1.5	4.0
NEW HAMPSHIRE	1.0	0.8	(0.1)	0.0	0.0	0.0	0.0	0.0
NEW JERSEY	0.9	1.2	(0.2)	0.0	0.0	0.0	0.9	0.0
NEW MEXICO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NEW YORK	(0.8)	16.3	0.0	(0.2)	(0.2)	(0.1)	0.9	0.0
NORTH CAROLINA	8.9	0.5	0.5	0.2	0.4	1.4	(0.6)	7.3
NORTH DAKOTA	0.1	1.7	3.0	0.2	0.0	0.0	0.0	0.0
OHIO	4.0	5.6	(0.7)	0.6	0.2	(0.2)	(0.7)	0.0
OKLAHOMA	0.2	0.0	0.0	0.0	0.0	0.0	1.8	0.8
OREGON	0.0	0.2	0.9	10.5	0.3	7.6	1.2	0.9
PENNSYLVANIA	17.7	9.7	(1.0)	2.9	1.9	0.1	(3.1)	0.0
RHODE ISLAND	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
SOUTH CAROLINA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SOUTH DAKOTA	0.3	0.0	0.0	0.0	0.1	(0.1)	0.0	1.5
TENNESSEE	0.2	2.7	1.2	(0.2)	0.8	1.6	2.6	2.1
TEXAS	0.0	3.2	0.0	2.5	3.5	0.1	0.5	0.5
UTAH	0.0	0.0	0.0	0.0	0.0	25.5	14.9	4.7
VERMONT	0.1	0.0	(0.1)	0.0	0.0	0.0	1.0	0.6
VIRGINIA	(0.3)	0.3	1.5	0.0	0.0	0.0	(0.3)	0.0
WASHINGTON	8.7	20.8	170.7	45.1	19.1	(33.5)	2.6	3.3
WEST VIRGINIA	3.0	1.3	1.6	6.4	1.8	(0.8)	3.4	0.8
WISCONSIN	0.0	1.2	0.8	(0.2)	(0.1)	0.0	0.0	0.0
WYOMING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PUERTO RICO	4.4	1.6	1.9	1.2	0.7	2.7	0.0	0.1
VIRGIN ISLANDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotals:	105.0	135.8	279.7	129.8	82.7	56.4	118.9	71.5
BIA	0.8	0.8	0.4	0.9	0.4	0.9	0.3	1.4
BLM	0.0	0.1	0.0	0.1	0.3	0.5	0.0	0.4
FOREST SERVICE	7.0	11.3	15.3	10.2	8.1	7.9	15.8	11.2
PARK SERVICE	0.8	0.3	0.5	0.0	1.4	1.6	2.2	2.2
Subtotals:	8.6	12.5	16.2	11.2	10.2	10.9	18.3	15.2
TOTALS:	113.6	148.3	295.9	141.0	92.9	67.3	137.2	86.7
No. Disasters	31	17	32	18	17	19	16	10

MISCELLANEOUS APPROPRIATIONS ACCOUNTS

Mr. **Pursell.** Please update the chart on page 1214 of last year's hearing record which shows the obligations and unobligated balances of your miscellaneous appropriation accounts.

[The information follows:]

UNOBLIGATED BALANCES AND OBLIGATIONS FROM FISCAL YEARS 1983-1987

Following is a table depicting the unobligated balances and obligations for each program within the Miscellaneous Appropriations account from Fiscal Years 1983-1987.

(in thousands of dollars)

	1983	1984	1985	1986	1987
Unobligated balance:					
Inter-American Highway	...	...	...	...	...
Rural Highway Public Transportation	125	204	...	...	...
Alaska Highway	529	794	231	...	...
Bikeway Demonstration	111	...	...	...	...
Highway Crossing Federal Projects	465	...	...	...	...
Rail Crossing Demonstration	323	...	...	...	...
Highway Widening Demonstration	28,083	12,610	9,031	...	...
Territorial Highways	...	2,096	2,967	...	...
Interstate Transfer Grants	156,608	63,424	55,870	...	...
Highway Beautification	64	93	220	...	...
Highway Safety Separation Demo.	...	...	11,759	...	...
Autopedestrian Separation Demo.	...	...	1,650	...	...
Obligations:					
Rural Highway Public Transportation	...	...	145	...	...
Alaska Highway	...	...	563	231	...
Highways Crossing Federal Projects	...	330	...	...	..
Safer Off-System Roads	255	...	...	...	...
Highway Widening Demonstration	4,917	15,472	3,579	9,031	...
Rail Crossing Demonstration	...	486	...	...	...
Territorial Highways	4,956	...	...	2,967	...
Interstate Transfer Grants	406,133	93,183	7,554	55,870	...
Mianus Bridge Assistance	...	793	...	...	...
Highway Beautification	625	...	...	220	...
Autopedestrian Separation Demo.	...	...	100	1,650	...
Highway Safety Separation Demo.	...	...	241	11,759	...
Rail Line Consolidation	...	...	...	4,000	...
Airport Highway Demonstration	...	...	...	1,350	...
Inter American Highway	...	...	3	...	...

HIGHWAY TRUST FUND PROJECTIONS

Mr. Pursell. Please update the chart on page 1212 of last year's hearing record which shows trust fund projections.

[The information follows:]

HIGHWAY TRUST FUND ANALYSIS
PRESIDENT'S BUDGET-F.Y.1987

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Highway Trust Fund Balance:							
Balance Start of Year	11,821.5	12,886.0	12,660.1	13,268.2	14,462.3	15,901.5	16,997.2
Tax Receipts	13,014.9	13,022.0	13,814.0	14,072.0	14,329.0	14,619.0	14,968.0
Interest	1,312.7	1,401.3	1,265.8	1,260.5	1,265.4	1,252.2	1,168.5
Outlays (-)	(13,263.1)	(14,649.2)	(14,471.7)	(14,138.4)	(14,155.3)	(14,775.5)	(14,499.2)
Balance End of Year	12,886.0	12,660.1	13,268.2	14,462.3	15,901.5	16,997.2	18,634.5
Investment Rate	0.10875	0.10000	0.09500	0.08750	0.07875	0.06875	0.06000
Mass Transit Account:							
Balance Start of Year	1,611.0	2,524.0	3,126.4	3,597.8	3,806.0	4,056.5	4,192.4
Tax Receipts	1,213.7	1,078.0	1,216.0	1,230.0	1,242.0	1,256.0	1,272.0
Interest	206.2	274.5	312.6	341.8	333.0	319.4	288.2
Outlays (-)	(507.0)	(750.1)	(1,057.2)	(1,363.6)	(1,324.6)	(1,439.5)	(1,279.1)
Balance End of Year	2,524.0	3,126.4	3,597.8	3,806.0	4,056.5	4,192.4	4,473.5
Highway Account:							
Balance Start of Year	10,210.5	10,362.0	9,533.7	9,670.4	10,656.2	11,845.0	12,804.8
Tax Receipts	11,801.2	11,944.0	12,598.0	12,842.0	13,087.0	13,363.0	13,696.0
Interest	1,106.5	1,126.9	953.2	918.7	932.4	932.8	880.3
Outlays (-)	(12,756.1)	(13,899.1)	(13,414.5)	(12,774.9)	(12,830.7)	(13,336.0)	(13,220.1)
Balance End of Year	10,362.0	9,533.7	9,670.4	10,656.2	11,845.0	12,804.8	14,161.0

ASSUMES EXTENSION OF AUTHORITY AND REVENUES THRU 1991.

Questions Submitted by the Honorable Frank R. Wolf

Mr. Wolf. Mr. Chairman, I have a few additional questions, but I will submit them for the record.

Mr. Lehman. That's fine, Mr. Wolf.

INTERSTATE COMPLETION

Mr. Wolf. Would the level of apportionment for interstate construction not delay the completion of the interstate system for many years?

[The information follows:]

The time and cost of completing the Interstate System could potentially be drawn out. There is, on the other hand, the potential that some States may use the increased funding flexibility to speed up completion.

FEDERAL INTEREST

Mr. Wolf. Does the reduction in the level of funding for interstate, interstate 4R, primary, bridge and the elimination of the interstate discretionary funding reflect a declining interest of the federal government in these systems?

[The information follows:]

We believe the Federal government should be responsible mainly for the transportation network that serves national, interstate concerns, which includes the Interstate and Federal-aid Primary systems, and should have a lower interest in roads and streets that serve local and intrastate traffic.

In fact although our bill would make a reduction in Interstate construction, funding for maintaining the condition of existing major Federal interest highways increases considerably. The authorizations for the new Interstate/Primary program (excluding Interstate construction) are higher than the total for these two programs in fiscal year 1986. And, with the flexibility allowed under the new program, the entire $7.8 billion authorization can be used for construction or rehabilitation of these major Federal interest programs.

BRIDGE PROPOSAL

Mr. Wolf. Why would on-system bridge funds be restricted only to the primary system?

[The information follows:]

The bridge program is limited to the non-Interstate portion of the Primary system because of the large current backlog of deficient bridges and the accruing needs that are expected. There are currently over 21,000 bridges on the Primary system that are eligible for rehabilitation or replacement under the bridge program.

The Interstate-Primary program will provide adequate funds to address bridge needs on the Interstate system. Funding for off-system bridges, including bridges on the current Urban and Secondary systems, is included in the block grant authorization.

INTERESTS OF HIGHWAY USERS

Mr. Wolf. Is the reduction of the program level below that which can be supported by the Trust Fund breaking faith with the highway user?

[The information follows:]

The proposal to reduce the funding level does not break faith with the highway users since the level of obligations (spending) will be approximately equal to the income for the year. In other words, we will spend what we take in.

BLOCK GRANTS

Mr. WOLF. The block grant concept is interesting. Has the Administration considered two block grants—one for highways, and one for transit?

[The information follows:]

We believe that greater efficiency and flexibility would be provided to State and and local governments through a combined block grant rather than two separate ones. Therefore, our proposal was developed that way.

MBE STATUS

Mr. WOLF. What is the status of the MBE program?

[The information follows:]

In submitting a draft Surface reauthorization bill to Congress on February 2, the Department did not include a provision with respect to the current DBE program created by Section 105(f). This issue is still under consideration and the Department intends to work closely with Congress to address this provision during the development of the legislation.

I-95 EXIT RAMP, MIAMI, FLORDIA

Mr. LEHMAN. Thank you very much, Mr. Pursell. I have a couple of other questions, Mr. Barnhart. One deals with the off-ramp on I-95 at 54th Street in Miami.

Traffic and living patterns in Dade County and the City of Miami have undergone major changes in the past several years and these changes have required, from time to time, adjustments in our highway system to accommodate new needs.

One of these projects is the proposed off-ramp at I-95 at 54th Street in Liberty City, which directly affects many of my constituents.

Formerly, there was an entry and exit ramp at 54th Street, but it was closed 10 years ago, forcing motorists to use the nearest ramps to the north at 62nd Street.

Over the years, however, several problems have arisen with this situation: The 62nd Street ramps are crammed far beyond capacity during the morning and afternoon peak periods; traffic seeking to go south of 62nd Street is forced to use local streets, creating additional congestion, limited parking and causing concern for students attending the nearby high school and elementary school; and businesses along 54th Street have declined because of the difficulties customers face in trying to shop there. I wish I had a map of that area, but they do have one at the Florida DOT, and also probably in your own office.

Over the past few years, we have worked closely with neighborhood and civic groups in the area, local government officials and the Florida Department of Transportation in seeking a solution to these problems.

In response to the needs of the community, FDOT has proposed to reopen the off-ramp on I-95 at 54th Street and to extend the service road which parallels I-95 to ease the congestion on local roads.

I understand this application for a 90 percent/10 percent federal-state match is presently under consideration by FHWA.

I want to underscore the importance of this project and stress the strong support it enjoys in the community, which worked so hard to help bring it about and which needs it so badly.

Could you provide us with a status report on this project? I would hope that you would look into this matter and expedite it in any way.

I would be happy to work personally with you to help resolve any problems you might identify or that might arise in the future.

Mr. **Morgan.** I am aware that the Federal Highway Administration has turned down one request for a modification of access at that location. And I am also aware that it has been, or will be shortly resubmitted by Florida DOT to the Federal Highway Administration office in Tallahassee.

We have not seen a request in Washington yet, Mr. Chairman. I will be glad to track it down and correspond with you, and give you the exact status.

Mr. **Lehman.** I would appreciate it.

[The information follows:]

On March 20, our Division Office in Tallahassee forwarded the State of Florida's request for approval of the off-ramp at 54th Street to our Regional Office in Atlanta. Access requests of this nature must be approved by the Federal Highway Admininstrator or his designee. Our Division Office has several concerns with this proposal. Headquarters will continue to monitor this issue.

TRI-COUNTY COMMUTER RAIL PROJECT

Mr. **Lehman.** Regarding the Florida Tri-County commuter rail project, Florida plans to provide some relief from the congestion expected during major reconstruction work on I–95 in South Florida by supporting a tri-county commuter rail line serving points from Palm Beach County to Dade County.

While the capital improvements are being funded through the Federal Railroad Administration—assuming the proposed rescission is not approved—Florida DOT proposes to use Interstate maintenance of traffic funds to cover operating costs during the detour period.

I understand there are precedents in Pennsylvania for this use of detour funds. Moreover, on page 330 of the Statement of Managers on the conference report on the continuing resolution, you will find the following language: "It is the intent of the conferees that Federal Highway Administration 'maintenance of traffic' funding shall be available for the operation of the Tri-County commuter rail project."

However, it is my understanding that preliminary talks between FDOT officials and FHWA District officials have not given the state much encouragement.

Could you comment on the issue, particularly given Florida's unique geography and the lack of major alternatives.

Isn't this proposal a creative way to reduce the construction-generated congestion, and shouldn't FHWA be encouraging creativity in such areas?

It is going to be a mess if we do not have some way out. I also understand that by subsidizing this commuter rail line during this construction period, you might eliminate one lane of traffic during the rush hour?

Mr. **Morgan.** Mr. Chairman, we have, on several projects, I believe provided funding for innovative solutions such as Park & Ride lots, bypass lanes, and bus service, in essence, and I am not aware—and I could stand corrected—where we have paid actual operating costs of a transit facility.

Now in this case, the report mentioned maintenance of traffic funding which is really not a separate category of funding. We assume that it meant some sort of project funding. But we also feel that in order to participate with any Federal funds in the operational cost of such a facility, that it would have to be justified just like any other project expense, and so far, at least our field office has advised us, this has not been justified.

Mr. Lehman. In other words, the Florida Department of Transportation has not proven its case that this would relieve the congestion up to the level where it would be cost-effective?

Mr. Morgan. That is where we are; yes, sir. And I would say there are two problems. First, I would want at least our counsel to look at it, and see if there is precedent for paying operating expenses for a transit facility.

The second would be the overall justification for the expenses, if it is legal.

Mr. Lehman. There is supposedly a similar case in Pennsylvania, but that is not the only relevancy to this case. The question is, do you have the kind of statutory authority in your jurisdiction that would permit this if you found it cost-effective?

Mr. Morgan. Yes, sir.

Mr. Lehman. You could do it if you wanted to and if you can justify it?

Mr. Morgan. Well, if it is legal. I am not sure if it is legal.

Mr. Lehman. Well, can you find out for us?

Mr. Morgan. Yes, sir.

Mr. Lehman. And that won't take long to find out?

Mr. Morgan. No, sir.

Mr. Lehman. But the justification might take a little longer?

Mr. Morgan. Yes, sir.

[The information follows:]

Payment for operating subsidies with Federal-aid highway funds is clearly not legal as an independent project under Title 23, United States Code. However, it could be eligible as an expense incidental to the construction or reconstruction of a highway when:

(1) Maintenance of traffic is essential for the construction of the project, and

(2) paying for increased transit operating costs is the most cost-effective solution.

Under the above criteria payment for operating subsidies can be considered only in cases where specific site and traffic conditions and the design of the project justify such payments as being the most cost-effective solution. Thus, such payments might be justified where there are severe development or topographical constraints, large traffic volumes to be accommodated, and limited alternate routes.

In the case of the I-95 corridor in Florida, our field office has determined that our participation in the rail operating costs is not justified as a means of handling some of the traffic in the I-95 corridor. Other alternatives, including the contractor's staging plan, HOV facilities, and parallel routes appear to offer more practical and feasible solutions.

I-95 NOISE BARRIER

Mr. Lehman. Regarding the noise barrier along I-95 in Dade County, earlier today at the start of our hearing, Mr. Ba[illegible]rt, I handed you some letters from one of my constitutents, M[illegible]on S.

Braverman, and the Florida Department of Transportation. These letters were in regards to the possibility of allowing the property owners along I-95 to maintain and use the area between an existing wall on their property and a proposed noise barrier to be built on FDOT property paralleling I-95.

I will insert copies of these letters for the record.

[The letters referred to follow:]

MORTON S. BRAVERMAN
Attorney at Law

(305) 945-0980

16666 Northeast 19th Avenue
North Miami Beach, Florida 33162

February 3, 1986

Honorable William Lehman
United States Congressman
2020 N.E. 163rd Street
North Miami Beach, Florida 33162

RE: D.O.T. NOISE BARRIER WALL #3

Dear Congressman Lehman:

As you are probably aware, the State of Florida Department of Transportation plans to widen I-95 from the area of Parkway Hospital to the county line at 215th Street. Also, they will be erecting a noise barrier wall along several sections of I-95 from Parkway Hospital to County Line Road.

One of the noise barrier walls proposed to be erected, #3, is to be erected between the existing wall now separating the property owners from the I-95 north bound ramp on Ives Dairy Road from the expressway itself.

You probably are aware that the existing wall was built by I.A. Durbin, Inc., the builder of most of the homes in that area. The wall was constructed within the property lines of the homeowners along the wall, which extends from Highland Lakes Boulevard and Ives Dairy Road north along the entrance ramp to approximately 207th Street.

Several meetings were held with homeowners and D.O.T. officials regarding the building of the wall itself, the type material to be used, the question of landscaping, security, etc. It was unanimously agreed amongst the homeowners living along the "Durbin Wall" that an intolerable condition would exist should D.O.T. build their noise barrier ten feet back from the Durbin wall, as planned, because the resulting area in between the two walls would create the potential for a serious security and crime problem, plus trash and garbage disposal, etc.

Since the homeowners refused to allow this type condition to arise, they met with D.O.T. officials, in particular Mr. Larry Helscel, Project Manager, and all parties finally agreed that arrangements could be made to close the wall at either end and allow the homeowners to either partially or totally remove their section of the Durbin wall, while agreeing to maintain the area up to the D.O.T. Noise Barrier Wall.

The foregoing solution relieved D.O.T. of the obligation to maintain the homeowner's side of the wall, and the homeowners, in turn, would relieve the State of Florida from any obligation to maintain that area, etc.

When it was pointed out to D.O.T. officials that a similar arrangement already went into effect in the St. Petersburg area, they agreed that a comparable arrangement could easily be provided here. Unfortunately, I have been most recently informed by Mr. Larry Helscel, Project Manager for D.O.T., that Mr. Robert Robertson of the Federal Highway Administration refuses to give permission for the arrangement above-mentioned. According to Mr. Helscel, in his letter of January 16, 1986, a copy of which I have enclosed for your reference, Mr. Robertson claimed that the Federal Highway Administration could not approve of our proposed arrangement and he cited the same problems suggested by property owners as the F.H.A.'s reason to disapprove of our proposed arrangement. Obviously, that is ludicrous because it is the homeowners' concern for security and cleanliness of the area that prompted them to demand such an arrangement with D.O.T.

The homeowners cannot tolerate the arrangement as suggested by D.O.T. and the Federal Highway Administration. We must have control of "what amounts to our own backyards!"

Honorable William Lehman
PAGE THREE
February 3, 1986

Accordingly, I have informed the D.O.T. that unless adequate arrangements are made to satisfy the property owners, litigation will likely ensue.

I have already contacted State Representative Ron Silver regarding this issue. His office has informed me that you should also be advised.

Unfortunately, time is of the essence and we need your help at this time.. Would you please favor me with a prompt response in this regard?

I intend to present the foregoing issues as well as to discuss the contents of this letter to you, at the meeting of the Board of Directors of the Skylake-Highland Lakes Homeowner's Association, on Tuesday February 4, 1986 at 7:30 P.M. (I am a member of the Board of Directors and serve on the Committee regarding the I-95 Widening, and Noise Barrier Wall). I, as well as the homeowners in the area, and the Skylake-Highland Lakes Homeowners Association thank you for your interceding on our behalf as soon as possible.

Very truly yours,

MORTON S. BRAVERMAN

MSB;lma
cc: State Rep. Ron Silver

Florida Department of Transportation

BOB GRAHAM
GOVERNOR

THOMAS E. DRAWDY
SECRETARY

Miami Regional Service Center
401 N.W. 2nd Avenue - Suite 590
Miami, Florida 33128

January 16, 1986

Mr. Morton Braverman
20510 N.E. 19th Avenue
Miami, Florida 33179

RE: W.P.I. No: 6141779
State Job No: 87270-1482
F.A.P. No: I-95-1(238)13
County: Dade
I-95 HOV Lanes
NOISE BARRIER WALL #3

Dear Mr. Braverman:

Reference is made to our meeting at your neighbors home with the property owners abutting the I-95 northbound on ramp from Ives Dairy Road.

During that meeting we discussed the possibility allowing the property owners along the wall to maintain and use the area from wall to right of way/property line. The Department would retain right of entry by establishing a maintenance easement with each property owner. The advantages to the property owners was one of control and security while the advantage to the State would be not to have to mow or maintain the area outside the noise barrier wall.

Following the meeting, I had a telephone conversation with Robert Robertson of the Federal Highway Administration concerning the desire of the property owners. Mr. Robertson informed me that the Federal Highway Administration could not approve such an arrangement. He cited that the potential exists for adjacent property owners to park abandon cars or store other unsightly articles that will create even more problems. I have to agree that even with an agreement with each property owner there still exists the possibility that one or two property owners will violate the agreement and ruin it for the rest of the neighborhood.

Mr. Morton Braverman
January 16, 1986
Page Two

Therefore at this time the Department must deny your request to maintain and use the area behind your property on the limited access right of way for I-95, and will continue to maintain the area in accordance with the existing policies and procedures of our maintenance unit.

Should you require further explanation of this matter, please write to Mr. Robert Robertson, District Engineer, Federal Highway Administration, 121 North Brough, Tallahassee, Florida 32302 681-7220

Thank you for your assistance in meeting with your neighbors and I'm sorry we could not conclude this matter to your satisfaction. Please contact me at any time you have any questions about this project or others that the Department may be involved in. I would be most happy to assist you.

Sincerely,

Larry Helscel

Larry F. Helscal, P.E. 377-5195
Project Manager

377-5195

LFH:dlm

cc: Mr. R. Robertson, FHWA
Honorable Rep. R. Silver 937-1326

[illegible]

Mr. **Lehman**. FDOT informs us that the FHWA apparently will not agree to this arrangement, even though FDOT would retain control of the land between the walls and be relieved of responsibility to maintain it.

Has your staff had an opportunity to investigate this matter? It seems to me that Mr. Braverman's proposal on behalf of the neighborhood is quite reasonable, and I would hope we can come to some sort of mutually acceptable solution without too much fuss or further delay.

Do you have an answer for us at this time? If not, I would like to meet with you, and maybe we can meet with Mr. Braverman, have him come up here to discuss this problem to see if there is something we can do to solve it.

Mr. **Morgan**. I had Rex check on that area, and Rex, do you have anything?

Mr. **Leathers**. Mr. Chairman, this has not been submitted to the Federal Highway Administration yet. There has been some discussion with them but no formal request, and we have indicated to them that as soon as we receive one, we will look at them on a case by case, and that if proper agreements are drawn up between the land owners and the State——

Mr. **Lehman**. It is a possibility?

Mr. **Leathers** [continuing]. There may be possibilities, and that sort of thing, we have no problem.

Mr. **Lehman**. I will be out of town next week, but I will be back after that.

Mr. **Barnhart**. Well, we have not had a submittal to us at this point so there is nothing we can do until we get a submittal.

Mr. **Lehman**. Do you have a copy of the letter from the Florida Department of Transportation?

Mr. **Barnhart**. Yes.

Mr. **Lehman**. The last paragraph on the first page reads: "Following the meeting, I had a telephone conversation with Robert Robertson of the Federal Highway Administration concerning the desire of the property owners. Mr. Robertson informed me that the Federal Highway Administration could not approve such an agreement."

Mr. **Leathers**. That was based on the information provided him at the time and we also suggested that we have the proper agreements with the land owners. If there is a contractural arrangement there, then we would find that we would have no problem.

Mr. **Lehman**. Well, they have to work out something between Florida DOT and the land owners, apparently.

Mr. **Leathers**. Correct.

Mr. **Barnhart**. There could be some problems in the communication with the telephone conversation.

[Additional information provided for the record:]

Adjacent landowners at a ramp on I-95 in Dade County, Florida want to maintain and use State ROW lying behind a noise wall and next to their property. By telephone earlier FHWA has indicated that this could not be approved. The State has turned down the request. Subsequently, FHWA has indicated that a formal contractural arrangements between State and landowners might be considered. The State has not made a submission to FHWA.

Mr. **Lehman**. The hearing is adjourned, and I will see you back here next year.

Questions Submitted for the Record by the Honorable William H. Gray III

Question. What is the Administration's intent with respect to the future of its minority business program? Why was Section 105(f) not specifically included in the Administration's proposal? Does FHWA support the reauthorization of a bill that would include a provision similar to Section 105(f)?

Answer. The issue is still under consideration and the Department intends to work closely with the Congress to address this provision during the development of the legislation.

Question. If you could change the program, what would you change? Could you share with us some examples of the positive results achieved by the program? Negatives?

Answer. The proposed Surface Transportation Reauthorization Act, at this time, does not include a provision with respect to the current DBE program created by Section 105(f). The issue is still under consideration and the Department intends to work closely with the Congress to address this provision during development of the legislation. Speculation on specific program details would be premature.

The most significant positive result of the program is increased DBE participation in the Federal-aid highway construction program. During the 3-year period of fiscal years 1980–1982, minority business enterprises were awarded approximately 9,450 Federal-aid contracts and subcontracts valued at over $1.03 billion. During fiscal years 1983 through 1985 (following passage of the 1982 STAA), DBEs were awarded over 32,500 contracts and subcontracts valued at more than $3.26 billion. Although the 1982 STAA calls for a 10 percent DBE participation level, the average participation level in the past 3 years for the Federal-aid highway program has been 11.4 percent.

The problem of fronts or frauds is an abuse and has been one of the most frustrating aspects of the DBE program. Consequently, the Inspector General's office is often called upon to independently investigate matters relative to DBE certification. In some cases, investigations have resulted in referrals for prosecution at the Federal and State levels. In other cases, referrals have been made to the agency for possible debarment action. These actions have also provided assistance in the general administration of the program.

Question. Why is the MBE bonding program not implemented fully as yet?

Answer. As discussed below regarding program status, there have been some administrative and procedural issues which have delayed program implementation. However, the Demonstration States and the Department are proceeding expeditiously to resolve these issues and implement the program as early as practicable.

Question. What is the status of DOT/FHWA negotiations with the bonding/insurance companies? What is the status of individual State programs?

Answer. The status of the individual State bonding programs and DOT/FHWA negotiations to implement a Department-wide bonding program is as follows:

Florida—the State is implementing its bonding assistance program by hiring a consultant. The program is estimated at $425,000 ($225,000 bonding funds, $200,000 supportive services funds). The State had made final consultant selection; however, contract award was delayed pending the admininstrative resolution of a protest. A ruling on the protest and contract award was handed down against the State the week of January 6. The finding was that the State had failed to follow its own procedures in the review of the proposals and the award of the contract. The State is readvertising the contract. Program implementation is expected by mid-May.

New York—the State is implementing its bonding assistance program through its existing supportive services program. The program is estimated at $300,000. An amendment to the State's existing supportive services contract with the Arawak Company is under expedited review with the State's legal bureau. Meanwhile, Arawak has gone ahead and hired an individual to fill the key program manager position and has had her on board working on preliminary bonding readiness assistance since early March. The individual had previously been employed as a bond underwriter for the Firemen's Fund Insurance Company.

Pennsylvania—the State has implemented its bonding assistance program by hiring a consultant. The program is estimated at $300,000. A contract was awarded to Boone-Young and Associates (MBE) on January 2, 1986. Initial bonding assistance activities are starting in Philadephia.

Washington Headquarters—the FHWA has coordinated and held discussions with the Office of Small and Disadvantaged Business Utilization (OSDBU) regarding the implementation of a joint bonding effort as an integral part of the DOT bonding program. The OSDBU surety bonding program and technical assistance provided through its Program Management Centers (PMCs) could serve as resources to supplement the State bonding programs developed under the FHWA demonstration bonding program. The FHWA and OSDBU on Novembr 12, 1985, executed a Memorandum of Understanding which establishes policy, general responsibilities, procedures, and funding parameters for a joint initiative.

The OSDBU is currently restructuring its bonding program involving its participating surety company and the PMCs. It is anticipated this restructuring will be completed in early 1986. The OSDBU time frame for program restructuring is unrelated to the implementation of the individual States' FHWA demonstration bonding program.

Since last fall, OSDBU has been conducting a solicitation and screening process to select a surety to replace the Fireman's Fund (their agreement terminates on March 31, 1986).

Two firms expressed interest in the program and subsequently submitted proposals. Of these two firms, one was rated as conditionally acceptable subject to the negotiation of several key elements (DOT percent guarantee, dollar amount of available bonding, administrative costs, etc.).

The OSDBU, with the consultation of FHWA, attempted to negotiate with the firm; however, in late January DOT terminated the negotiations because they were unable to resolve several key issues (administrative costs were too high, the contractor was unrealistic concerning the number of bonds he would place and their duration—the firm felt it could turn over the $9 million approximately 5 times in 1 year).

The FHWA and OSDBU decided to approach the Small Business Administration (SBA) to see if a joint program could be devloped to meet DOT needs.

The OSDBU is in the final stages of negotiating with the SBA. Final details are not yet available. It is anticipated that DOT/FHWA will concentrate on marketing the SBA program to transportation industry contracts through the PMCs and our bonding assistance efforts in Pennsylvania, Florida, and New York. The DOT funds will probably be leveraged 10 to 1 (90 million of bonding capacity), and DOT will give an 80 percent guarantee).

Question. When will be program be fully implemented?

Answer. As discussed above, the bonding program in New York will be fully implemented once their supportive services contract amendment is executed. This action is anticipated to be completed by early April.

The Florida bonding program is anticipated to be fully implemented by mid-May following the readvertisement and award as discussed above.

The Pennsylvania program is underway.

It is difficult to anticipate when the DOT-OSDBU/FHWA bonding effort will be fully implemented. The DOT is in the final stages of negotiations with the Small Business Administration; however, it cannot be determined when an agreement will be reached. The DOT and FHWA are proceeding as expeditiously as possible to negotiate key program elements and to resolve administrative issues.

WEDNESDAY, APRIL 9, 1986.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WITNESSES

CARMEN E. TURNER, GENERAL MANAGER, WMATA

JOHN S. EGBERT, DEPUTY GENERAL MANAGER, WMATA

WILLIAM A. BOLEYN, ASSISTANT GENERAL MANAGER FOR FINANCE AND COMPTROLLER, WMATA.

FORREST T. GAY, ASSISTANT GENERAL MANAGER FOR DESIGN, CONSTRUCTION AND FACILITIES MAINTENANCE, WMATA

RALPH L. STANLEY, ADMINISTRATION, URBAN MASS TRANSPORTATION ADMINISTRATOR

JOSEPH A. LASALA, CHIEF COUNSEL, UMTA

OPENING REMARKS

Mr. **LEHMAN**. The Subcommittee will come to order.

This morning we will receive testimony on the fiscal year 1987 budget of the Washington Metropolitan Area Transit Authority.

We are pleased to have before us, or will have before us, Mr. Ralph Stanley, the administrator of UMTA, and with us now is Ms. Carmen Turner, the general manager of the Washington Metropolitan Area Transit Authority.

Ms. Turner, we will hear your statement, and when Mr. Stanley arrives, we will hear his statement, or you and he, can both submit your statements for the record, and we will begin with the questions. But first, we must vote. We will be back in just a moment.

Ms. **TURNER**. All right. Thank you.

[A vote recess was taken.]

WMATA STATEMENT

Mr. **LEHMAN**. We will resume our hearing. Mr. Stanley, as we already told Miss Turner, you may read your statement in part or we can put it in the record in its entirety. But if either of you want to make any remarks now, you can; if not, we will go forward with the questions.

Mr. **STANLEY**. I will defer to Miss Turner.

Mr. **LEHMAN**. You yield the balance of your time—

Mr. **STANLEY**. Wisdom and beauty, or frugality.

Ms. **TURNER**. Good morning, Mr. Chairman and Members of the Committee. Mr. Stanley and I have been sitting here, chatting about how we can work better together, and share information. So his deference to me this morning, I expect, is the first step. I would like to take a moment this morning to go through the significant portions of my testimony. Given the fact that the Administration's budget does not contain funding for Metrorail, I think there are important points that need to be made.

I am pleased, and certainly appreciate the opportunity to testify before you today. This is the eleventh year of Metrorail operations, and I would like to tell you a little bit about the status of the Metrorail project, and also, to bring you up to date on our construction project.

I believe that Metro is making a difference in the region in improving the quality of urban life, and I want to talk a little bit about our successes later.

One of my greatest challenges as general manager has been to maintain the momentum of our construction program. In order to meet that objective, we must assure that we receive sufficient funds to keep construction going at a reasonable pace.

STATUS OF FUNDING

We recognize and we appreciate the severity of the fiscal problems facing this nation. We have been and will continue to contribute our share to alleviating those problems.

However—and I have said this on numerous occasions—we are concerned that mass transportation, and particularly Washington Metro, has been targeted by this Administration for an excessive and disproportionate share of that burden. WMATA was scheduled to have received the full $1.7 billion authorized under the Stark-Harris legislation by fiscal year 1987.

To date, less than $1 billion of this total has been appropriated, and WMATA has received only about half of the amounts appropriated.

Only last year the Administration established planning guidance of $275 million as the funding level for fiscal year 1987. It was on the basis of this guidance that we negotiated the regional construction agreement which we call the Fourth Interim Capital Contributions Agreement.

We recognize that even the $275 million for fiscal year 1987 established last year may be more than we can reasonably expect in these times of tight budgeting.

Therefore, in order to meet our continuing construction needs, we are asking Congress to appropriate $250 million in fiscal year 1987.

We believe that this amount is necessary to maintain reasonable construction schedules, to hold together the team of experts required to undertake such a complex project, and to accommodate the legitimate transportation needs of Maryland, Virginia, and the District of Columbia.

We believe, Mr. Chairman, that the Congress, the Administration, and WMATA all have the same objective: To provide the best possible coordinated transportation network for the Washington Metropolitan Area, including high quality, safe, and reliable public transportation.

We recognize that we may have different strategies for achieving that objective, but with your help in appropriating fiscal year 1987 funding for continued Metrorail construction, we believe that we will be moving toward accomplishing that objective.

STATUS OF THE RAIL CONSTRUCTION PROGRAM

I would like to turn for just a moment to the construction program, and while I am sure you are familiar with this map, I would like to at least point out the full 103 mile system. The map shows each of the terminals: for the Red Line, the Green Line, the Orange Line, the Blue Line and the Yellow Line.

At present we are operating some 60 miles of revenue service. We are operating the Red Line from Shady Grove through the center of the city and out to Silver Spring. We are operating the Yellow Line from Gallery Place to Huntington down in Virginia. The Blue Line runs from Addison Road to National Airport, and the Orange Line from New Carrollton to Ballston. I am pleased to say that on June 7th we will open the extension of the Orange Line to Vienna. I want to take a moment to invite everyone here to come to that ceremony.

Currently, construction is under way on the Red Line from Silver Spring to Wheaton. We also have construction on most of the inner Green Line, from U Street to Gallery Place, and from Waterfront to Anacostia. On the Yellow Line from King Street to Van Dorn, we have just awarded a contract and we have broken ground on the Prince George's County portion of the Green Line, which will extend from Fort Totten and out to Greenbelt. At this point I want to address the Green Line for just a moment. When we talk about the Green Line we are talking about the entire Green Line, from Greenbelt through the city and out to Branch Avenue.

OPERABLE SEGMENTS

There has been substantial discussion about operable segments, and the term operable segments, over the last two or three years, has come to to mean several things to us: sequential construction, line by line construction, or construction within annual appropriations. But regardless of the definition we clearly plan to build segments that can be operated and facilities which can be used.

The difference in point of view does not relate to whether what we build is useable or operable, but to the sequence in which we build, and the level of funding which is assumed to be available for the construction. The National Capital Transportation Act of 1965, which created Metro, and the National Capital Transportation Amendments of 1979, better known as the Stark-Harris authorization, are both predicated upon the construction of the adopted regional system and the multi-year funding, not small segments to be funded over one or two years.

Thus our construction program is designed to take advantage of cost-saving opportunities whenever they arise within that system.

I want to emphasize that we view the construction of Metrorail as a business venture, and therefore, we are always seeking ways in which to minimize our cost.

One of the ways in which we do that is to move projects when they are construction ready, as long as they are part of the approved program.

We did that when we built the Grosvenor Station and we did that when we built the Waterfront Station. As you may recall, as we were constructing the Anacostia segment, a Federal Judge ruled that the Federal environmental procedures required a new public hearing and a new decision process for the remainder of that line.

That took several months, in fact, upwards to two years, Mr. Chairman. In the meantime, Waterfront Station was built in 1974 for $16 million. Today, it would cost $30 million to build Waterfront, twice the actual cost. So we believe that moving projects when they are construction-ready, as long as they are within the approved construction program, represents a sound business decision.

REVISED CONSTRUCTION PLAN

As a result of our most recent guidance from the Administration, on Thursday, March 27th, the Metro Board of Directors adopted in principle and sent to the jurisdictions for their approval, a construction plan which we believe would meet the UMTA requirements.

Those requirements call for a plan using only FY 1985 and FY 1986 federal appropriations and assume no further federal funding.

The two-year appropriation limit makes this especially difficult, since fiscal year 1985 and 1986 funds do not provide sufficient funds to carry out a construction program consistent with the regional plan, which provides for substantial construction of the Green Line in the District of Columbia and in Prince George's County.

The people in College Park, the people in the inner city, the people in Anacostia, and, ultimately the people down on Branch Avenue deserve their line. They have been paying into the system since this construction program began.

In order to accommodate the required construction program and to guarantee the construction of operable segments, we propose to reprogram funds which would otherwise have been used for important bus and rail rehabilitation and replacement projects, thereby delaying those projects, and we are requesting that the local jurisdictions commit now to make available the match for expected future Federal appropriations.

This is an intensive arrangement to underpin the rail construction program pending the availability of fiscal year 1987 funds. We recognize that it puts us at great risk. Without the 1987 appropriation, these critical projects would be forfeited.

This proposed plan has forced us to make some very, very tough choices between urgently needed projects, within the limited resources available. This plan has also required the jurisdictions to take a substantial risk in advancing future year match. It involves the sacrifice of projects critical to each jurisdiction, as well as extra funding provided to Metro earlier than planned.

To accomplish this plan we need the help, the assistance and the cooperation of the Administration. We need the full cooperation of UMTA in an expedited review and approval.

We need letters of no prejudice, so that the additional funds advanced now by the local jurisdictions can be used later as local match for future appropriations. And we need agreement from

UMTA that funds from other sources used to underpin the construction program will be released for delayed, critically needed projects upon receipt of the fiscal year 1987 appropriation.

This regional plan provides for construction of the full 89.5 miles within the Stark-Harris authorization as set out in ICCA-IV. The plan has three integral parts. Together, the three phases represent a comprehensive construction program, and the $250 million in fiscal year 1987 construction appropriation funds are necessary to support this extended plan.

RAIL CONSTRUCTION COSTS

There has been much discussion and talk about the cost of delays with regard to Metrorail. Over the past 17 years, the Metrorail construction program, originally planned to be completed in ten years, has been subjected to numerous delays due to such factors as alignment changes; the introduction of an extensive public hearing process; substantial litigation, a complex approval process involving numerous Federal agencies ranging from the Fine Arts Commission to the Architect of the Capitol; design changes necessitated by unexpected conditions; lower than planned appropriations and delays in the release of appropriated funds. Combined with double digit inflation, these delays are the primary reasons that the cost of constructing the rail system keep climbing.

Chart 2 shows that of the $9.4 billion, which we estimate to be the total cost of constructing the full system, about $3.5 billion is for bricks, mortar, steel and equipment.

Almost twice that amount, $5.9 billion, is due to inflation, almost all resulting from delays. As transit has expanded in the United States, and as more systems have competed for limited Federal dollars, Stark-Harris appropriations have been stretched out in order to meet the shared goal—and we share that goal—of improving the quality of public transit throughout the nation, and most recently, the goals of reducing the Federal deficit.

The middle years of the Stark-Harris authorization projected a maximum of construction activity, supported by appropriations, approaching some $400 million per year.

Although we are at that stage in our construction program, we recognize the need for reductions in our Federal appropriations, and have taken the initiative to reduce our appropriation request accordingly.

Let me give you some other examples. Chart 3 shows what has happened to the Stark-Harris authorization. When originally enacted, it was based upon the expenditure of $1.7 billion over the years 1982 to 1987, as depicted. As you can see, however, less than $1 billion of that has been appropriated, and the Administration proposes that no more be provided.

And of the $1 billion, a little over half has actually been made available. I think it is very, very important to understand that after five years of a six-year program, we have received less than one-third of what was originally projected.

This clearly explains why the system cost estimates now exceed that authorization. The major reasons the cost estimates for constructing the full system keep rising are delays in funding and stretched-out construction programs.

CRITERIA FOR GRANT APPROVAL

It would be particularly valuable, right now, to be able to utilize the fiscal year 1985 and 1986 appropriated funds, to take advantage of the favorable bidding climate and the low inflation to reduce those costs.

Mr. Chairman, it is very, very difficult to maintain the momentum of a construction project of the magnitude of the Metrorail construction project, and to minimize costs, when the rules for receiving funds are constantly changing.

The Administration continues to impose totally new, different, and frequently unclear requirements for a construction program which has been proceeding for some 17 years. And I would like to point out that WMATA is clearly not a New Start. Let me also say that we are more than ready to meet reasonable requirements. We continue to make every effort to work with the Administration. We need, however, to get on with building the system, rather than going over the same administrative hurdles or finding new ones in our path.

To do this, we need your help, and that of this committee, and of the Congress. I mentioned that I would talk a little bit about the status of Metro.

METRORAIL OPERATIONS

I am, I believe, justifiably proud of Metro, of what we have accomplished, and of the major positive effect we have had on the Washington Metropolitan Area. The fiscal year 1987 WMATA operating budget, currently under review by the jurisdictions, stabilizes fares at the same level for the third consecutive year.

While we expand our rail service by opening nine new miles and by extending Sunday rail service to midnight, the subsidy provided by the local jurisdictions will increase only 5 percent compared to the budget adopted for fiscal year 1986.

Further, the budget establishes a funded depreciation account as a reserve for future replacement and rehabilitation needs.

Metrorail has one of the highest cost recovery ratios of any transit system in the nation. We recover some 68 percent of our operating cost on rail and 39 percent of our cost on bus, and we have an overall operating cost recovery ratio of some 52 percent.

This is a statistic to be proud of. As a result of what we have done, transit service here is enthusiastically accepted by the public.

As you can see from Chart 4, over the last ten years, rail ridership has grown dramatically as we have opened various portions of the system. We are now carrying some 430,000 passenger trips per day on rail, and bus ridership has increased slightly. Soon after we open our new rail service to Vienna this summer, we will provide nearly one million trips every weekday on both bus and rail, thereby removing some 200,000 cars each day from our congested roads. This will save substantial sums on road construction and maintenance, and will improve the quality of urban life.

FEDERAL CITY COUNCIL STUDY

Let me turn for just a moment to the Federal City Council study. On March 11th, the Federal City Council released an unprecedented long-term financial evaluation of our system. It is important to understand the goal of the Federal City Council study. It was to achieve a regional consensus regarding the region's total transit cost and revenues through the year 2000.

The study examined three aspects of Metro's costs: the annual cost of operating the bus and rail system; the eventual cost of rehabilitating or replacing equipment and facilities; and the cost of constructing the remainder of the rail system.

This was an important study. We welcomed that effort and will use the findings as a planning and management tool.

One of the most significant findings in this report is that when the system has reached the full 103 miles, and the level of rail service has doubled, the fiscal burden on the average taxpayer of the area jurisdictions, currently about 2.5 percent of the local governmental budgets, is not going to increase, and our 52 percent revenue cost recovery ratio will remain stable.

Replacement and modernization costs for items such as escalators, floor tiles, track, signalling equipment, and ultimately rail cars, are projected to reach $157 million per year in the year 2000. These are expected cost increases. I do not think there should be any surprise, that as things grow older, they have to be replaced; that they wear out, that they have to be rehabilitated.

Any business, such as the phone company, a trucking firm, or a manufacturing facility, would have this experience with age. Our goal is to meet or to reduce those future costs through improved maintenance, and we are looking for ways to enhance our maintenance in an aggressive fiscal plan that acknowledges our responsibility. But we also look forward to the continued Federal partnership.

With the new depreciation reserve that we have in place, we have started to underpin our rehabilitation and replacement costs.

There has been much discussion about the ridership estimates in the Federal City Council study. I want to point out that the Federal City Council report states that the patronage projections "were intended to serve as a tool for projecting total rail and bus revenue, not for projecting ridership". For this reason, very conservative assumptions were used, resulting in what we would consider to be unduly low ridership estimates. For example, the study projected rail ridership for the year 2000, with the full 103 mile system in place, of only 537,000 trips a day. Last week, with 60 miles in operation, rail ridership was 430,000 and we expect to add some 20,000 daily riders after the Orange Line is extended to Vienna this summer. We expect to meet the ridership levels in the Federal City Council study far before the year 2000.

REGIONAL TAX

I want to take a moment to address the concept of a regional tax. In enacting the Stark-Harris authorization, the Congress required that a stable and reliable source of funding for future Metro costs be established. Each jurisdiction demonstrated through existing or new legislation, at the local or State level, that it had the capacity and an identified source of revenues to cover its contribution to WMATA. DOT reviewed these provisions and certified that WMATA did, indeed, have a stable and reliable funding mechanism.

WMATA is a regional compact which, for two decades, has recognized and appreciated the unique needs of Maryland, Virginia and the District of Columbia, and the eight local jurisdictions, with often conflicting transportation priorities. Despite these differences, the member jurisdictions have never failed to meet their obligations to subsidize operations, nor have we ever failed to provide the local match for any Federal grant. Yet there is the insistence that we somehow pass a regional tax. This region may some day decide that it wants a regional tax; however, it seems to me, Mr. Chairman, that so long as we meet our obligations, how we do it is a local matter.

Let me turn now to the impact of the system. Metrorail has had a profound effect, not only on transportation, but also on the economy and the development of the Washington Metropolitan Area. Approximately 23,500 construction jobs are attributable to the system and related development, and more than half of all new jobs in this region are located near transit stations. My testimony lays out all of the impacts associated with Metrorail, that deal with the economic development and viability of this region.

TOTAL TRANSPORTATION NETWORK

In conclusion, Mr. Chairman, Metrorail is not a panacea for the transportation problems of the Washington area. Nor was it designed to meet all the transport needs of this region. Even when it is complemented by our extensive network of Metrobus routes, as well as local bus service provided by the jurisdictions, transit is an integral part of a comprehensive regional transportation network in which each element plays a very, very important function.

We do not expect I–270, the Beltway, or the Shirley Highway to solve all transportation problems. Instead, we work to improve each element, to coordinate the various services and facilities, and to assure that together they provide an effective transportation system.

We believe that we are doing our part at Metro to make public transportation an important and useful part of that system. Metro is healthy, and our steadily increasing ridership and broad public support are evidence to the critical nature of our service. With reliability and safety continuously improving, with fares held constant, with operating costs growing only slightly as the system expands, we believe that we are doing our job and doing it well. With the help of the Administration and the continued support of Congress we believe we can do even better.

But we cannot do it as effectively as possible in the face of constantly changing funding levels and Federal requirements.

In March 1975, Department of Transportation Secretary William Coleman issued a statement, part of which dealt with mass transit. He said:

Federal policy for urban transportation should at once respond to locally determined transportation goals and serve such national objectives as the enhancement of our cities as vital commercial and cultural centers, control of air pollution, conservation of energy, access to transportation for all citizens, and particularly the disadvantaged, facilitation of full employment and more rational land use. Because mass transit serves all these objectives simultaneously and well, it merits strong Federal support.

REGIONAL/FEDERAL PARTNERSHIP

Mr. Chairman, Metrorail is not just a subway. It is the Nation's subway. It is a lifeline of this region's economy. It is the basis for a revitalization and transformation of this urban area. It contributes immeasurably to the quality of life here and helps to make the Nation's Capital a city of which we can all be proud. Washington is the symbol of our nation, the face we show the world. We want it to be a special place, and Metrorail helps to make it just that.

Mr. Chairman, the Congress has recognized this. Maryland, Virginia and the District, as well as their local governmental bodies, have joined together to make it work. Every previous administration has reaffirmed the commitment to a Federal and local partnership to build Metrorail.

We call upon this Administration to release immediately the funds appropriated by the Congress to build the system, and to join us in a positive approach toward finding ways, within budgetary fiscal constraints, to continue construction of the rail system.

Finally, Mr. Chairman, we ask the Congress to look favorably upon our request for a fiscal year 1987 appropriation of $250 million.

I would be happy to take any questions.

[The prepared statement of Carmen E. Turner follows:]

STATEMENT BY CARMEN E. TURNER
GENERAL MANAGER
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
BEFORE
SUBCOMMITTEE ON TRANSPORTATION
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
APRIL 9, 1986

Mr. Chairman and members of the Committee, I appreciate this opportunity to testify before you today, in this eleventh year of Metrorail operations, about the status of the Washington Metropolitan Area Transit Authority, the rail construction program, and our request for appropriations under Stark-Harris legislation to support continuing rail construction.

This will be my third year as General Manager of the Washington Metropolitan Area Transit Authority. I will tell you at the outset that notwithstanding the inherent difficulties of running a transit system as complex as Metro, I enjoy my job. We have, perhaps, the most supportive Board a transportation system could have. We have a dedicated, professional and loyal workforce that runs our buses and trains like clockwork. And we have a product -- the transportation of millions of Americans -- in which I take tremendous pride. As we have extended our rail system to 60 miles, as our ridership grows, as our cost-recovery continues to improve, and as we take creative steps to reduce our construction costs, you will find the people at Metro -- from the bus drivers to the contract officers -- making even more improvements in the future. And I am looking forward to opening service to Vienna this summer. Metro is truly making a difference in improving the quality of urban life in this region. I will talk further about these successes later.

One of my greatest challenges as General Manager has been to maintain the momentum of our construction program. In order to meet that objective, we must assure that we receive sufficient funds to keep construction going at a reasonable pace. We recognize and appreciate the severity of the financial problems facing this nation, and we have been and will continue to contribute our share in alleviating those problems. However, we are concerned that mass transportation, and particularly Washington Metro have been targeted by this administration for an excessive and disproportionate share of that burden.

WMATA was scheduled to have received the full $1.7 billion authorized under Stark-Harris by FY 1987. To date less than $1 billion of this total has been appropriated and WMATA has received only about half of the amounts appropriated. Only last year, the administration established planning guidance of $275 million as the funding level for FY 1987. It was on the basis of this guidance that we negotiated the regional construction agreement which we call the Fourth Interim Capital Contributions Agreement.

We recognize that even the $275 million for FY 1987 established last year may be more than we can reasonably expect in these times of tight budgeting. Therefore, in order to meet our continuing construction needs, we are asking Congress to appropriate $250 million in FY 1987. We believe that this amount is necessary to maintain reasonable construction schedules, to hold together the team of experts required to undertake such a complex project, and to accommodate the legitimate transportation needs of Maryland, Virginia, and the District of Columbia, which encompass the eight separate local governmental jurisdictions that make up the WMATA compact.

We believe, Mr. Chairman, that the Congress, the administration, and WMATA all have the same objective; to provide the best possible coordinated transportation network for the Washington metropolitan area, including high quality, safe and reliable public transportation. We recognize that we may have different strategies for achieving that objective, but with your help in appropriating FY 1987 funding for continued Metrorail construction we believe that we will be moving toward accomplishing that objective.

Last year, when appearing before this Committee, the UMTA administrator stated that "this Administration affirms its commitment to complete funding under the Stark-Harris Authorization." We were very pleased when the administrator indicated two weeks ago in testimony before the House District Subcommittee on Government Operations and Metropolitan Affairs that he believed that there would be an FY 1987 appropriation for WMATA rail construction. We were also gratified to find that he had signed a petition calling for continued Federal support for construction of the full 103-mile Adopted Regional System. We fully agree with both these sentiments and hope that he will support them in this hearing.

CONSTRUCTION PROGRAM

On this map (Chart 1) I would like to show you the full 103-mile system, and the 89.5 miles of that total which could be built with the Stark-Harris authorization. The map shows, at its farthest extents on all lines, the full Adopted Regional System. We are already operating the Red Line from Shady Grove to Silver Spring, the Yellow Line from Gallery Place to Huntington, the Blue Line from Addison Road to National Airport, and the Orange Line from New Carrollton to Ballston, and will open the remaining 9 miles of the Orange Line to Vienna on June 7. Currently construction is under way on the Red

Line from Silver Spring to Wheaton, on the inner Green Line between U Street and Gallery Place and from Waterfront to Anacostia, and on extending the Yellow Line from King Street to Van Dorn. We have just broken ground on the Prince Georges portion of the Green Line which will eventually extend from Fort Totten to Greenbelt. These areas, in which construction is now ongoing, constitute the portions of the full Adopted Regional System which were defined in ICCA-IV to be funded using the Stark-Harris authorization. Just recently, I was pleased to participate in the "holing through" ceremony as the tunnels from Wheaton and from Forest Glen were connected. I am heartened by our construction progress, but concerned that without the continued availability of Federal funds, the construction program will be severely disrupted.

There has been substantial discussion about "operable segments" and "usable facilities." It certainly has always been WMATA's goal to build only segments which could operate and facilities which are usable. The difference in point of view does not relate to whether what we build is usable or operable, but to the sequence in which we build and the level of funding which is assumed to be available for the construction.

The National Capital Transportation Act of 1965 which created Metro and the National Capital Transportation Amendments of 1979 (the Stark-Harris authorization) are both predicated upon the construction of the Adopted Regional System and multi-year funding, not small segments to be funded over one or two years. Thus our construction program is designed to take advantage of cost saving opportunities whenever they arise, within that system.

One way that we try to minimize cost increases is to move a project when it is ready to go. Thus, if we have agreed with UMTA that we will build three miles of the Red Line with a given grant and property becomes available for the third mile out, if we receive a good bid, we go ahead and construct that part while we work to remove impediments to building the inner segments. If we had waited for all the law suits in Tenleytown and Friendship Heights to be settled before we built the Grosvenor station, it would have cost twice what it did. Yet we are charged with "costing money" by building the station too early. Quite the contrary, I believe this represents sound business judgment, and we should be praised for saving money by building when the conditions were propitious.

I would also like to discuss the Waterfront Station. That station is part of our Adopted Regional System. It was intended to be constructed using multi-year authorizations and continuing appropriations. No one has ever quarrelled with the propriety of a station at Waterfront.

Construction was proceeding as planned on the Anacostia segment, of which that station was a part, when a Federal judge ruled that Federal environmental procedures required a whole new public hearing and decision process on the remainder of the line. In retrospect, we should have paid closer attention to procedural details. As a result of the court ruling, construction was halted while we carefully followed the complex new process, and costs mounted as construction was delayed. We finally decided on the line location, using the open and documented process prescribed. Any deviation, such as consulting first with Federal officials, would have been contrary to the open public procedure, and would have jeopardized the resolution of pending litigation. Waterfront Station was built in 1974 for $16 million. Today, Mr. Chairman, Waterfront would cost us $30 million to build -- almost twice the actual cost. Once again, Mr. Chairman, a sound business decision.

As a result of our most recent guidance from the Administration, on Thursday, March 27, the WMATA Board of Directors adopted in principle, and sent to the jurisdictions for their approval, a construction plan which would, we believe, meet the UMTA requirements that the only Federal contribution to Metrorail construction would be the FY 1985 and FY 1986 appropriations, and that funds would be applied only to segments which could be brought to revenue operations using the resources identified in the plan. The two year appropriation limit makes this especially difficult since the FY 1985 and FY 1986 funds do not provide sufficient funds to carry out a construction program consistent with the regional plan, which provides for substantial construction of the Green Line in the District of Columbia and Prince George's County. It would be unfair to our citizens and destructive to the regional coalition necessary to operate Metro, for construction in one of the region's most transit dependent areas not to proceed. They have been contributing to the construction of the system from the beginning and we must build their line.

In order to accommodate the required construction program and to guarantee the construction of operable segments, we propose to reprogram funds which would otherwise have been used for important bus and rail rehabilitation and replacement projects, thereby delaying those projects, and we are requesting that local jurisdictions commit now to make available the match for expected future Federal appropriations. This is an intensive arrangement to underpin the rail construction program pending the availability of FY 1987 funds. We recognize that it puts us at great risk. Without the FY 1987 appropriation, these critical projects would be forfeited. This proposed plan has forced us to make some very tough choices, within the limited resources available, between urgently needed projects, and has required the jurisdictions to take a substantial risk in advancing future year match. It also involves the sacrifice of projects critical to each jurisdiction, as well as extra funding provided to Metro earlier than planned. To accomplish this plan we will need: (1) the full cooperation of UMTA in an expedited review and approval; (2) a Letter of No Prejudice so that additional funds advanced now by the local jurisdictions can be used later as local match for future appropriations; and (3) agreement that funds from other sources used to underpin the construction program will be released for the delayed critically needed projects upon receipt of the FY 1987 approporiation. This regional plan provides for construction of the full 89.5 miles within Stark-Harris as set out in ICCA-IV. The plan has three integral parts.

In the first year of this plan, funds would be reprogrammed from other projects, which would be delayed, and local jurisdictions would commit now to make available the match for the FY 1987 Federal appropriation level included in ICCA-IV. The aggregation of these funds would permit operable segments to be built to Wheaton, to Van Dorn, from U Street to Anacostia, and from Fort Totten to Prince George's Plaza. Receipt of the FY 1987 Federal funds allows us to use the already committed funds as the local match and to ask for an advance commitment of FY 1988 match from the jurisdictions. The FY 1987 appropriation and the FY 1988 local match, also covered by a Letter of No Prejudice, would allow construction to College Park. This appropriation would also allow us to undertake some of the important projects which had been delayed. Receipt of the FY 1988 appropriation enables us to repeat the process to build to Greenbelt. Together the three phases represent a comprehensive construction program. The $250 million FY 1987 construction appropriation which we are requesting from Congress supports this extended plan.

COSTS OF DELAY

Over the past 17 years the Metrorail construction program, originally planned to be completed in 10 years, has been subjected to numerous delays due to such factors as alignment changes, the introduction of an extensive public hearing process, substantial litigation, a complex approval process involving numerous Federal agencies ranging from the Fine Arts Commission to the Architect of the Capitol, design changes necessitated by unexpected conditions, lower than planned appropriations, and delays in the release of appropriated funds. Combined with double digit inflation, these delays are the primary reasons that the costs of constructing the rail system keep climbing. Chart 2 shows that for the $9.4 billion which we estimate to be the total cost of constructing the full system, about $3.5 billion is for bricks, mortar, steel, and equipment. Almost twice that amount, $5.9 billion, is due to inflation, almost all resulting from delays.

As transit has expanded in the United States, and as more systems have competed for limited Federal dollars, Stark-Harris appropriations have been stretched out in order to meet the shared goal of improving the quality of public transit throughout the nation and most recently the goals of reducing the Federal deficit. The middle years of the Stark-Harris authorization projected a maximum of construction activity supported by appropriations approaching $400 million per year. Although we are at that stage in our construction program, we recognize the need for reductions in our Federal appropriations, and have taken the initiative to reduce our appropriation request accordingly. But appropriation reductions do result in cost escalation, and that is one of the reasons we need to plan on consistent and stable Federal funding levels.

Let me give you an example. Chart 3 shows what has happened to the Stark-Harris authorization. When originally enacted, it was based upon the expenditure of $1.7 billion over the years 1982 to 1987 as depicted. As you can see, however, less than $1 billion of that has been appropriated and the Administration proposes that no more be provided. And of the $1 billion, a little over half has actually been made available. So after 5 years of a 6 year program, we have received less than 1/3 of what was originally projected. This clearly explains why the system cost estimates now exceed that authorization. The major reasons the cost estimates for constructing the full system keep rising are delays in funding and a stretched out construction program. It would be particularly valuable right now to be able to utilize the FY 1985 and FY 1986 appropriated funds to take advantage of the favorable bidding climate and low inflation to reduce those costs.

Mr. Chairman, it is very difficult to maintain momentum in a construction project and to minimize costs when the rules for receiving funds are constantly changing. The Administration continues to impose totally new, different and frequently unclear requirements for a construction program which has been proceding for 17 years. WMATA is not a new start.

We are more than ready to meet reasonable requirements. We continue to make every effort to work with the Administration. We need, however, to get on with building the system, rather than going over the same administrative hurdles or finding new ones in our path. To do this, we need your help - that of this Committee and of the Congress.

STATUS

Mr. Chairman, I am, I believe, justifiably proud of Metro, of what we have accomplished, and of the major positive effect we have had upon the Washington metropolitan area. Both the construction of the system and its operation are widely considered to be exemplary.

The FY 1987 WMATA operating budget currently under review by the jurisdictions stabilizes fares at the same level for the third consecutive year. While we will expand our rail service by opening 9 new miles and will be extending Sunday rail service to midnight, the subsidy provided by the local jurisdictions will increase only 5% compared to the budget adopted for FY 1986. Further the budget establishes a funded depreciation account as a reserve for future replacement and rehabilitation needs.

The efficient and cost-effective operation of Metro has resulted in one of the highest cost-recovery ratios, our revenues compared to our costs, in the nation. At present on our subway system we are recovering 68% of operating costs. On our bus lines we now recover 39% of costs for an overall cost recovery ratio this year and in our FY 1987 budget of 52%. That Mr. Chairman, is a statistic of which we are proud. This budget reflects our continued emphasis upon improving service while controlling costs and maintaining a responsible and business like financial posture.

As a result of what we have done, transit service here is enthusiastically accepted by the public. As you can see from Chart 4, over the last 10 years, rail ridership has grown dramatically as we have opened various portions of the system. We now carry 430,000 passenger trips per day on rail and bus ridership has increased slightly. Soon after we open our new rail service to Vienna this summer, we will provide nearly one million trips every weekday on both bus and rail, thereby removing as many as 200,000 cars each day from our congested roads, saving substantial sums on road construction and maintenance, as well as improving the quality of our urban life.

All this is occurring not just because we are building and operating the system, but because we are making it more attractive, safer, and more reliable. Visitors marvel at the cleanliness of our stations, trains, and buses. Chart 5 shows the injuries of any sort, including slips, falls, and twisted ankles, to passengers for every million passengers we carry. Our safety on both bus and rail has improved constantly. And the same can be said of the reliability of our service. Chart 6 shows how many miles a rail car or bus travels between service interruptions -- a problem which causes a substantial delay or removal of the vehicle from service. You can see that we are always doing better. With your permission, Mr. Chairman, I would like to submit copies of these and other charts I use in this statement for the Record.

FEDERAL CITY COUNCIL STUDY

On March 11, the Federal City Council released an unprecedented long-term financial evaluation of our system. The principal goal of the study was "to achieve a regional consensus regarding what the region's total transit costs and revenues are likely to be through the year 2000." The study examined three aspects of Metro's costs: the annual cost of operating the bus and rail system, the eventual cost of rehabilitating or replacing equipment and facilities, and the cost of constructing the remainder of the rail system. We welcome that analysis as a planning and management tool.

One of the most significant findings in this report is that when the system has reached the full 103 miles and the level of rail service has doubled, the fiscal burden on the average taxpayer of the area jurisdictions, currently about 2.5% of the local governmental budgets, is not going to increase, and our 52% cost recovery will remain stable. Replacement and modernization costs for items such as escalators, floor tiles, track, and signalling are projected to reach $157 million per year in the year 2000 and are expected cost increases that any transit system, in fact, any business -- such as a phone company, a trucking firm, or any manufacturing facility -- would experience with age. Our goal is to meet or reduce these future costs through improved maintenance and an aggressive fiscal plan that acknowledges our responsibility and the continued Federal partnership. With the new depreciation reserve we have already started to do that.

There has been much discussion about the ridership estimates in the FCC study. As the FCC report points out, the patronage projections were "intended to serve as a tool for projecting total rail and bus revenue." For this reason, very conservative assumptions were used, resulting in what we would consider to be unduly low ridership estimates. For example, the study projected rail ridership for the year 2000, with the full 103-mile system in place, of only 537,000 per day. Last month, with 60 miles in operation, rail ridership was 430,000, and we expect to add 20,000 daily riders after the Orange Line is extended this summer. So we expect to reach the FCC figure well before the year 2000 and before we complete the entire system.

Projecting ridership is exceptionally difficult, however, and we recognize the hazard of making multiple assumptions many years in advance of actual operations. We are often taken to task for not meeting the overly optimistic assumptions of planners 20 years ago who projected vastly different population and job levels and distributions than have actually come about. Yet the recently opened Red Line extension has attained ridership levels well in excess of all our expectations and predictions - so much so that we receive complaints that trains depart Shady Grove with all the seats taken, and are full by the time they leave Twinbrook. The issue, really, is not whether we are meeting some previous well-intentioned but out-dated forecast. The issue is whether we are providing a needed and desired transit service. When the trains are full during rush hours and at lunch time, and high ridership is sustained throughout the day, it seems pointless to argue about past projections. We are clearly doing what the system was intended to do. We are carrying people - a total of 22 million trips on bus and rail last month.

REGIONAL TAX

Let me address the regional tax issue. In enacting the Stark-Harris authorization, the Congress required that a "stable and reliable" source of funding for future Metro costs be established. Each jurisdiction demonstrated, through existing or new legislation at the local or state level, that it had the capacity and an identified source of revenues to cover its contribution to WMATA. DOT reviewed these provisions and certified that WMATA did indeed have a "stable and reliable" funding mechanism. WMATA is a regional compact which for two decades has recognized and appreciated the unique needs of Maryland, Virginia, the District of Columbia, and the eight local jurisdictions with often conflicting transportation priorities. Despite these differences, the member jurisdictions have never failed to meet their obligations to subsidize operations, nor have we ever failed to provide local match for any Federal grant. Yet this administration persists in attempting to usurp our legitimate local prerogative by demanding that we establish a dedicated regional tax. This region may someday pass a regional tax. However, it seems to me, Mr. Chairman, that so long as we meet our obligations, how we do so is a local matter.

IMPACT OF THE SYSTEM

Metrorail has had a profound effect upon not only the transportation, but also the economy and development of the Washington metropolitan area. Approximately 23,500 construction jobs are attributable to the system and related development, and more than half of all new jobs in the region are located near transit stations. I am proud that we pioneered and today are a model for joint development efforts, and continue to search for ways to optimize the public-private partnership that is the essence of our system.

Nearly 500 commercial projects, representing a private investment exceeding $2 billion, have been started near rail stations, and at least $5 billion in additional development is on the drawing boards. Over the last 5 years 41% of all office development and 36% of all non-residential development in the region has occurred at Metro stations. A recent study indicated that development at Metrorail station sites in Virginia alone will produce $660 million in additional state tax revenue and will create 34,000 new jobs, 15.7 million additional square feet of office and retail space, 2,300 new hotel rooms, and 8,800 residential units.

Beyond the statistics, we can all see the revitalization which Metro has brought to this region. The rebirth of downtown -- the Connecticut Connection, Metro Center, and others -- the construction at each station along the Orange Line in Virginia, the vast development on Rockville Pike, and the new offices in Bethesda and Silver Spring are evidence of the enormous economic power of Metrorail. Today construction cranes surround stations as thousands of square feet of commercial space are built. The investment which is made in Metro is an investment in the economy of this region and therefore also in the continued economic strength of the nation.

CONCLUSION

Mr. Chairman, Metrorail is not a panacea for the transportation problems of the Washington area. Nor was it designed to meet all the transport needs of this region. Even when it is complemented by our extensive network of Metrobus routes, as well as the growing bus services provided by various local jurisdictions and private enterprise, public transportation as a whole is not intended to be all things for all people. Transit is an integral part of a comprehensive regional transportation network in which each element plays an important function. We do not expect I-270, the beltway, or the Shirley Highway to solve all our transportation problems. Instead we work to improve each element, to coordinate the various services and facilities, and to assure that together they provide an effective system.

We believe that we are doing our part at Metro to make public transportation an important and useful part of that system. Metro is healthy, and our steadily increasing ridership and broad public support are evidence to the critical nature of our service. With reliability and safety continuously improving, with fares held constant, with operating costs growing only slightly as the system expands, we believe that we are doing our job and doing it well. With the help of the administration and the continued support of the Congress we will do even better.

But we cannot do it as effectively as possible in the face of constantly changing funding levels and Federal requirements. In March, 1975, Department of Transportation Secretary William T. Coleman issued a comprehensive Statement of National Transportation Policy. In that policy, he said, "We should seek balanced reform of the Federal regulatory process - not deregulation, sudden chaotic changes or abrupt policy reversals. We must also realize that financial commitments have been made under existing regulatory ground rules and we should be cautious in the application of theoretical solutions." Focusing on transit, the policy stated, "Federal policy for urban transportation should at once respond to locally determined transportation goals and serve such national objectives as the enhancement of our cities as vital commercial and cultural centers, control of air pollution, conservation of energy, access to transportation for all citizens and particularly the disadvantaged, facilitation of full employment and more rational use of land. Because mass transit serves all these objectives, simultaneously and well, it merits strong Federal as well as State and local support."

Mr. Chairman, Metrorail is not just a subway. It is the nation's subway. It is a lifeline of this region's economy. It is the basis for a revitalization and transformation of this urban area. It contributes immeasurably to the quality of life here, and helps to make the nation's capital a city of which we can all be proud. Washington is the symbol of our nation, the face we show the world. We want it to be a special place, and metrorail helps to make it just that.

Mr. Chairman, the Congress has recognized this. Maryland, Virginia and the District as well as their local governmental bodies have joined together to make it work. Every previous administration has reaffirmed the commitment to a Federal and local partnership to build Metrorail. We call upon this Administration to release immediately the funds appropriated by the Congress to build the system, and to join us in a positive approach toward finding ways, within budgetary financial constraints, to continue construction of the rail system. Finally, Mr. Chairman, we ask the Congress to look favorably upon our request for an FY 1987 appropriation of $250 million.

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3182p

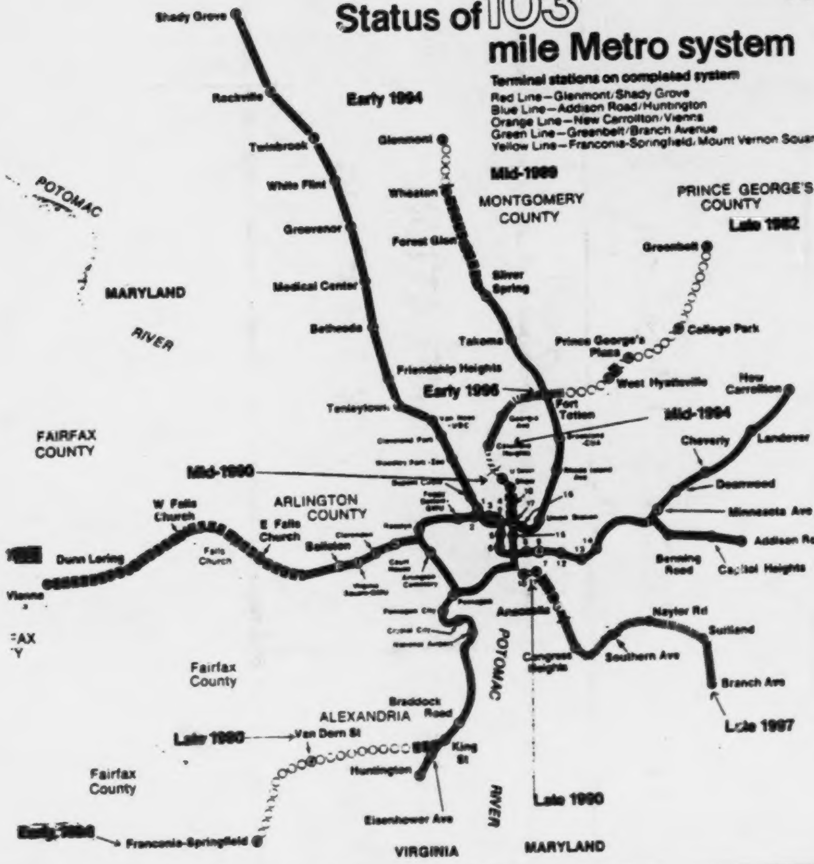
CHART 1

October 1985

Status of 103 mile Metro system

Terminal stations on completed system

Red Line—Glenmont/Shady Grove
Blue Line—Addison Road/Huntington
Orange Line—New Carrollton/Vienna
Green Line—Greenbelt/Branch Avenue
Yellow Line—Franconia-Springfield/Mount Vernon Square-UDC


Shady Grove
Rockville
Early 1994
Twinbrook
White Flint
Grosvenor
Medical Center
Bethesda
Friendship Heights
Tenleytown
Glenmont
Mid-1989
Wheaton
Forest Glen
Silver Spring
Takoma
MONTGOMERY COUNTY
PRINCE GEORGE'S COUNTY
Late 1992
Greenbelt
College Park
Prince George's Plaza
West Hyattsville
Early 1996
Fort Totten
Mid-1994
New Carrollton
Landover
Cheverly
Deanwood
Minnesota Ave
Addison Road
Benning Road
Capitol Heights
POTOMAC
MARYLAND
RIVER
FAIRFAX COUNTY
Mid-1990
ARLINGTON COUNTY
W Falls Church
E Falls Church
Falls Church
Dunn Loring
Vienna
Ballston
Rosslyn
Arlington Cemetery
Pentagon
Pentagon City
Crystal City
National Airport
Anacostia
Congress Heights
Southern Ave
Naylor Rd
Suitland
Branch Ave
Late 1997
Fairfax County
Braddock Road
ALEXANDRIA
Late 1990
Van Dorn St
King St
Huntington
Eisenhower Ave
POTOMAC RIVER
Late 1990
Franconia-Springfield
VIRGINIA
MARYLAND
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

LEGEND

▬○▬ Operating Lines 60.46 miles 60 stations
▮▮▮▮ Under Construction 15.97 miles 10 stations
○○○○●○○ Under Final Design 17.16 miles 9 stations
▬●▬ Remainder of System 9.37 miles 8 stations
▬→ Projected start of operations for this segment based on approved schedule. Applies to all stations inbound from this point

Total mileage—102.96

Total stations—87

1. Farragut North
2. Farragut West
3. McPherson Square
4. Metro Center
5. Federal Triangle
6. Smithsonian
7. L'Enfant Plaza
8. Federal Center SW
9. Capitol South
10. Waterfront
11. Navy Yard
12. Eastern Market
13. Potomac Ave
14. Stadium-Armory
15. Archives
16. Judiciary Square
17. Gallery Place
18. Mt Vernon Sq-UDC

Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W., Washington, D.C. 20001
Office of Public Affairs

103-MILE METRORAIL SYSTEM COST

TOTAL COST = $ 9.4 Billion

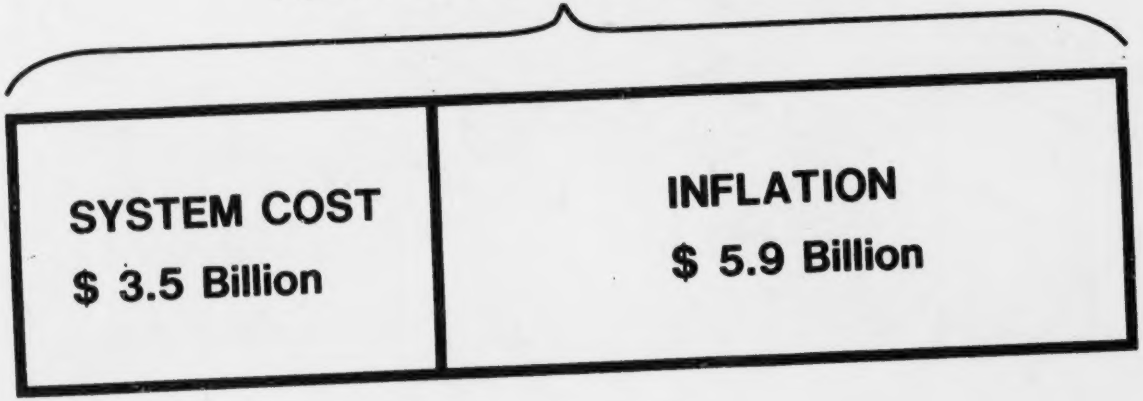


Chart 2

STARK - HARRIS LEGISLATION

FUNDING HISTORY

$ IN MILLIONS

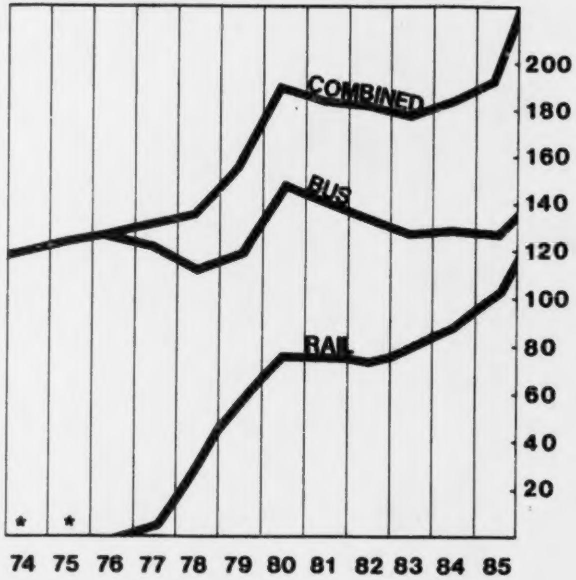
	1982	1983	1984	1985	1986	1987	TOTAL
STARK-HARRIS AUTHORIZED	200	350	375	375	325	75	1,700
APPROPRIATED	0	240	250	250	227*	0	967
RECEIVED	0	240	250	75	0	0	565

*REDUCED TO $217 MILLION BY GRAMM - RUDMAN - HOLLINGS

Chart 3

TRANSIT RIDERSHIP

FY-1974 THRU FY-1985



★ BEFORE RAIL OPERATION

Note : Right margin of chart reflects Calendar 1985 ridership.

Chart 4

PASSENGER INJURIES PER MILLION PASSENGERS

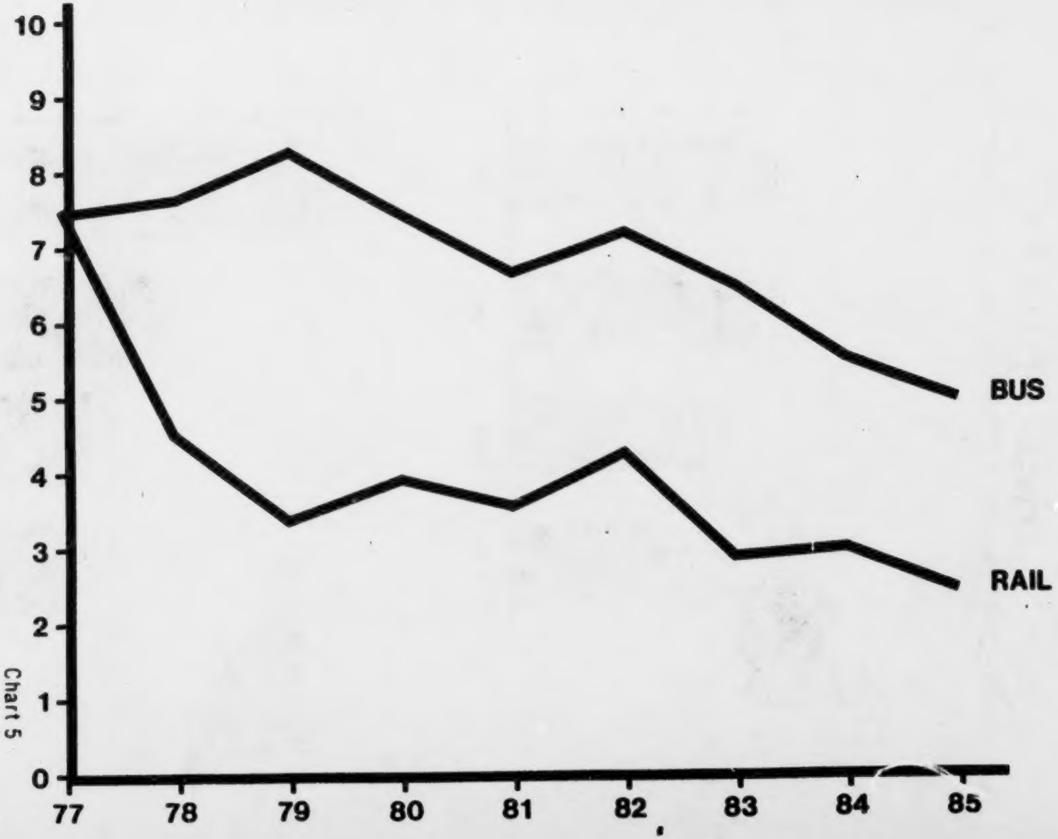
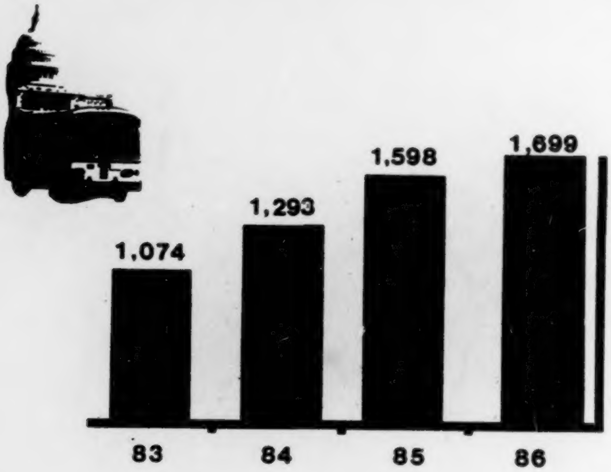


Chart 5

RELIABILITY

MEASURED IN MILES BETWEEN SERVICE INTERRUPTIONS



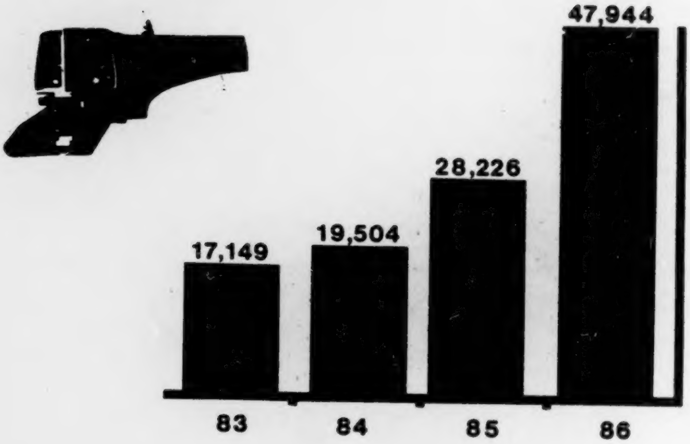


Chart 6

UMTA STATEMENT

Mr. **Lehman**. Thank you very much, Mrs. Turner, for a statement that is both realistic and inspirational. We enjoyed it very much.

Mr. Stanley.

Mr. **Stanley**. Thank you, Mr. Chairman. I am pleased to have the opportunity to appear today to discuss the funding issues involving the D.C. area and Metrorail.

We at the Department are concerned about this issue, not only in light of the Federal deficit and Gramm-Rudman-Hollings, but more specifically in the context of our experience with the funding of the system to date.

I would like to share with you and the Members of the subcommittee the concerns I have raised with WMATA officials, and others, over the past year or so, about the funding of Metrorail.

I also want to bring to your attention the results of the Federal City Council study on the projected costs of transit in this area through the year 2000. A copy of that study will be made available to this subcommittee.

PRESIDENT'S FY 1987 BUDGET

Before I proceed, let me briefly outline the Administration's budget proposal for fiscal year 1987. The Administration proposed, as you know, a 1986 rescission of all existing discretionary funding for new systems and extensions, which I am sure we will talk about this afternoon, except for those few cases where we had full funding contracts. For Washington Metro, under the Stark-Harris legislation, no rescission was proposed, but no additional Federal funding was requested.

This recommendation, like that for construction of other New Start systems, is required in our efforts to meet the budget deficit levels mandated by Gramm-Rudman. In this connection, I think it would be useful to begin by addressing the matter of the Federal commitment to funding the completion of the 103 mile Metro system.

There has been a lot of discussion of that Federal commitment through five Presidents and eleven Congresses, and it is true that there is in the record a number of public endorsements for the completion of this system.

When the system was endorsed by President Nixon in 1970, the estimated cost was $2.9 billion. By the time of President Ford's endorsement in 1975, the cost estimate was $4.6 billion.

When President Carter signed the Stark-Harris legislation, the last legislation authorizing Metro funding, in 1979, it was understood that the cost to complete the system was $7.5 billion.

INFLATION OF METRO COSTS

I would like to comment briefly on the chart that was shown with regard to inflation. It was barely five months after the Stark-Harris legislation was signed, in which the Metro system estimated the cost to complete 101 miles was made, that the cost reports escalated $2.5 billion. While I understand that inflation has occurred, I find it very, very surprising that $2.5 billion, or the percentage ascribed to inflation, could have occurred in that five month period.

FEDERAL COMMITMENT

Today, the estimate to complete the now 103-mile system is about $12.5 billion. Despite the dramatic increase in the cost to complete the system, we think a closer look should be made at what Federal officials have said about the Federal commitment.

Let me cite for you the remarks of Administration officials who preceded this Administration, who are said to have committed to that full rail system.

Secretary Coleman, who General Manager Turner referred to, said in 1975:

> My recommendations will be based on my belief that all possible sources of funding in the region should be exhausted before the Federal taxpayer is asked to make further contributions to Metro.

UMTA Administrator Patricelli, in 1976, stated the commitment as follows:

> The Federal Government, reviewing all the other demands being made upon it, has set a ceiling of $4.67 billion on system costs in which it will participate.

Finally, in 1979, President Carter predicated his public endorsement on the assurance of the WMATA Board that funds made available under Stark-Harris were all that would be needed to complete the system. As the President said: "The Federal Government has now placed its total monetary commitment to Metro on the table."

We know today, as President Carter found out five months later, that the remaining Stark-Harris authorization is insufficient to complete the 103-mile system. To date, $4 billion in Federal funds have been spent on Metrorail.

Not included in this amount is the Federal Government payment of over $500 million in bond interest payments. The Government is also committed to pay $664.7 million in bond principal payments and $1.4 billion in interest payments by the year 2012.

In addition, we are providing $19 million a year in Federal operating assistance and $38 million in Federal capital funding from our formula program.

I continue to be more than impressed, but marvel at the success of this area's Congressional delegation in obtaining the levels of funding that it has for Metrorail construction in these times.

It is especially true, in view of the intense competition, which this subcommittee is aware of, for Federal transit dollars that currently exists.

Even though the Administration disagrees with the need for providing construction subsidies for WMATA, Congressman Wolf and Congressman Hoyer, who are both on this subcommittee, are to be commended for their extraordinary efforts in obtaining Federal funds for Metrorail construction.

We believe, though, that the amount of Federal funding for WMATA has been more than generous. Clearly, this is the time to focus on the local commitment to the system. In this context of escalating costs over the past decade, the large Federal contribution and the repeated expressed concerns of Federal transportation officials, we have asked WMATA to identify how it will spend its available Federal funding before we will release the funds.

I have stressed to WMATA officials that an UMTA Administrator must not approve grants for elements of a construction project which do not stand alone as useable facilities, unless there are other funds available to bring them on line.

This is true for every other UMTA-funded project, and should apply to Metro construction as well.

OPERABLE SEGMENTS

Simply put, you cannot begin something which you do not have the money to finish. This is the problem I have had when considering the current proposed rail construction program, and judging from the reaction of the board, and the press, in discussing this principle, perhaps it should be made a bit clearer.

This Federal operable segment requirement, has been set forth and recognized by WMATA officials for a number of years. In 1978, former Transportation Secretary Brock Adams stated: "The segments to be built should be useable and contiguous and should emphasize the areas of highest ridership."

Before this committee, in 1979, former General Manager Lutz, in response to a question by Congressman Duncan, indicated that it was WMATA's, "basic view to try and get operable segments constructed."

When we began negotiations with WMATA for a full funding contract for the 89-mile system, to utilize the remaining Stark-Harris authorization last spring, I withheld approval of part of the fiscal year 1985 grant program thinking that it would be folded into the full funding contract.

I sincerely believed that this would be achieved in calender year 1985 but it was not. The 1985 program, alone, does not sufficiently advance work on construction elements approved in earlier grants so as to make them operable.

This deficiency would have been rectified in the framework of a full funding contract utilizing all of the remaining Stark-Harris authorization.

The Gramm-Rudman-Hollings Bill was then enacted and affected fiscal year 1987 funding deliberations. The Board reacted by suggesting there was no further possibility of a full funding contract. However, the principles in that format will still be used, and remains the standard UMTA management approach for major construction projects, regardless of how much money is appropriated.

The scope of the work should reflect the realities of the funds available. WMATA must identify those segments of the proposed system which can be completed with currently available resources.

It appears to me that WMATA has two choices. First, it can utilize Federal funds for completion of those elements in its current schedule, provided it assures UMTA that any funding required to complete the segments begun beyond that appropriated by Congress will be provided solely from non-Federal sources. This is the exact practice of other cities which do have dedicated local funding.

Second, if WMATA cannot, or chooses not to provide us with that assurance, it can amend the construction schedule and utilize funds for activities only on segments which can be brought into revenue service with currently available funds.

Either of those approaches will ensure that available funds will produce useable facilities. There have been instances in the past, where the WMATA board has authorized the construction of facilities which stood idle, for years in some cases, while other pressing needs have gone unaddressed. Though in some cases I admit there are unforeseen difficulties which caused this problem; in others there were not. In any event, we should not allow it to happen in the future. But it would appear, currently, that the WMATA board is on the verge of continuing this illogical practice.

If WMATA were to proceed with its current construction schedule, then only the Red Line from Silver Spring to Wheaton would be brought into revenue service with available resources.

Left partially built, inoperable, and without funds to complete would be the Green Line to U Street, the Green Line to Anacostia, the Green Line from Fort Totten to Greenbelt, and the Yellow Line to Van Dorn Street. These incomplete routes would require an additional $928 million to be put into revenue service.

WMATA's plan for constructing the system, ICCA-IV, encourages the use of capital resources in that manner. No other area in the country, constructing a rail system, is allowed to proceed in such a piecemeal fashion.

FUNDING FOR THE GREEN LINE

Simply put, WMATA cannot continue to construct a system in this manner. There is something the board can do, however. On January 9th, 1986, the WMATA board wrote the President a letter urging that Federal funding be continued so that the Green Line could be built.

In the letter, the board said to the President:

> This proposed withdrawal of funding could not come at a worse time because of its impact on the Green Line.
>
> After many years of difficult planning choices and legal challenges, all the decisions are finally made. At long last, we are ready to go ahead with this rail line, which will serve the heaviest concentration of riders in the regions.
>
> Many of these citizens are some of the most economically disadvantaged and transit-dependent people in the area.
>
> It is essential, as a matter of equity, that this line go forward.

We at the Department also recognize that the inner Green Line is the most cost-effective portion of the system and serves the most transit-dependent citizens in the region.

We could not agree more with the WMATA board, and are pleased that they are ready to proceed with the construction. In fact our review of their own cost figures and construction schedule indicate that the Authority can, if it chooses, complete the inner Green Line from U Street to Anacostia with less than the total amount of Federal funds already appropriated by Congress and thus currently available.

In doing so, the needs of the most transit-dependent citizens of this region could be met quickly and within the bounds of Federal requirements. I have been addressing the issues involving the costs of constructing the Metrorail system. Let me now turn to an equally significant matter: the cost of operating and maintaining that system. In this connection, I want to call to your attention the Federal City Council report I referred to earlier.

FEDERAL CITY COUNCIL STUDY

That report was a study of projected transit services costs and the financial impacts on the region through the year 2000.

The Council's study, funded by UMTA, found that the total annual WMATA operating and maintenance deficit (costs net of revenues) will rise in constant 1986 dollars from $211 million today to $256 million by the year 2000.

The real key finding of the study was that the cost of replacing and rehabilitating equipment and facilities will increase dramatically as the system ages over the next 14 years. By the year 2000, when portions of the Metrorail system will be 25 years old, the annual amount required for rehabilitation and replacement of Metrorail and bus will be $157.5 million, in constant 1986 dollars, compared to $42 million today, a 400 percent increase. These findings mean that the recurring annual cost to public entities of operating, maintaining, and rehabilitating the WMATA system will rise from $253.4 million today to $414 million in the year 2000—a 63 percent increase.

As members of this Committee are aware, UMTA has a program for rehabilitation and replacement of rail systems with its Section 3 discretionary program. But it applies only to systems built without major Federal funding, and therefore, does not apply to WMATA. Thus, even if this existing rehabilitation program continues, the Washington area cannot expect any Federal funds from the program to pay for these activities.

Another significant aspect of this study was the unfunded costs of building additional segments of the rail system. As I said earlier, in 1979, President Carter was assured that the Stark-Harris authorization of $1.7 billion would complete the then 101 mile system. We now know that there is at least an additional $2 billion needed to complete the proposed 103 mile system. Absent additional Federal funding beyond amounts appropriated to date and authorized to date, local governments will be faced with an average annual cost of $300 million through the year 1993 to fund the scheduled Metrorail construction program. I think that the summary of that report notes that state and local governments in this area are today paying $270 million annually for WMATA services. That payment will rise to nearly $600 million by 1993, more than doubling in eight years.

Through the year 2000, the cumulative state and local payment will be approximately $6.5 billion. Mr. Chairman, given the history of Federal funding to date, the deficit crisis that we now face and the projected costs of operating, maintaining and constructing the Metro system, highlighted in the FCC study, it is clear that WMATA must seek an assured source of local funding to complete the system and to pay for its operation and maintenance.

Others, in the past, have come to the same conclusion. In response to Congressional concern about local sources of funding, expressed by Congressman Conte, in March 1977, WMATA General Manager Lutz testified:

> The Authority is investigating new sources of funding, which will supplement the fare box revenue . . . the Authority is convinced that ultimately an earmarked or dedicated tax is essential to supplement the financial program of the Authority.

Again, Secretary Adams stated this concern to WMATA at a conference in 1978, when he said:

> This brings me back to the message that I have delivered to this assembly before, and no doubt, will deliver again, because I believe that it is absolutely essential for the future of Metro. We must have a dedicated local funding source to support public transit construction, maintenance, and operation. I believe such action on your part is imperative. It is the next important step. It is inevitable if WMATA is to succeed and Metro is to continue.

During the House Appropriations hearings in March of 1979, Congress reiterated its concern about the lack of action to implement a local source of funding and a financial plan. This time, Congressman Duncan voiced the frustration and WMATA General Manager Lutz responded, that—

> At this point in our history some sort of a dedicated tax, at least within the major jurisdictions is a very important goal of the fiscal health of the program and good management.

The Senate Report which accompanied the Stark-Harris legislation in discussing how the stable and reliable funding requirement would be met, states:

> Suggestions have included increases in sales taxes, gasoline taxes, and a payroll tax in the District of Columbia. While the Committee made no recommendation as to how this stable revenue should be obtained, it agrees with DOT and the House of Representatives, that a stable and reliable source of funding is needed to make decisions about Metrorail financing.

Most recently, in the Congressional Appropriations hearings in 1984, and 1985, Congressman Lehman and Senator Lawton Chiles persistently requested of WMATA regarding the need for a regional tax for transit. WMATA's position after more than 10 years of consideration was to assign to a Board committee the responsibility to explore the issue of a regional tax. After promising in March of 1984 to give an official response by July 1, 1984, WMATA responded in March of 1985, that after one year: "Considerable data had been developed, many meetings had been held, but as of this date, the Board has taken no official position on the issue."

The FCC study represents the first comprehensive look at the long-range rehabilitation and replacement costs associated with the rail system. This type of analysis on an issue which has such obvious cost implications has never before been done for the WMATA system. In my view, the board has been negligent in its failure to identify and consider these costs. I cannot stress enough the urgency that WMATA address the cost to completing the planned system as well as the implications of the projected costs of maintaining it, as shown in the FCC study.

How are these costs going to be paid? To put the costs in scale, we estimated that funding the approximately $400 million in non-Federal payments that WMATA will require in the year 2000, would require either a 40 cent per gallon gas tax in this region or a 1 and ⅔ percent retail sales tax in the region. This should not suggest, and I don't suggest that we are endorsing new taxes in these amounts, but demonstrates the magnitude of the problem. This is an economically strong and growing area. That includes four of the wealthiest counties in the country. Other areas have adopted local funding sources to support mass transit needs, however, little has been done to alert the local taxpayer of the long-term financial implications for Metro.

If the board cannot take an official position after a decade, when will an assured local funding source or sources be established? I believe that the Congress and the Executive Branch have demonstrated not only good will, but extraordinary financial support for Metro to date, while the WMATA board has ignored the widely recognized need for assured local funding.

I only wish that the board had shown the same regional unity and commitment to secure local funds as it has demonstrated in obtaining Federal funds. I cannot emphasize enough the fact that they are very large out-year expenses that WMATA must begin budgeting for now. The Federal Government should not be expected to cover these costs and WMATA must recognize these costs and be prepared to pay for them. In addition to establishing a level of local funding, we are also encouraging WMATA to consider a range of innovative financing techniques that have been used by other cities. WMATA has been active in this area but more can be done. These techniques include development fees, where a developer would be required to pay a fee as a condition of permit approval and then the fees would be directly used for transit benefits. Or WMATA could negotiate with developers to agree to share the cost of improvements that will benefit their property as has been done in New York City.

Another interesting concept is the benefit assessment district where increased property values and taxes attributed to those improvements are earmarked for transit use.

There are a host of other concepts that other cities are not only looking at, but implementing. In short, WMATA should begin considering every possible financing mechanism, in addition to securing an assured level of local funding.

We are glad and we will look forward to providing them with studies and information we have developed about those financing techniques.

Mr. Chairman, that completes my prepared statement and I will be pleased to answer any questions that you might have on our proposal.

[The prepared statement of Ralph L. Stanley follows:]

STATEMENT OF RALPH L. STANLEY
ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES, ON WEDNESDAY, APRIL 9, 1986

Mr. Chairman, and distinguished members of the Subcommittee, I am pleased to have this opportunity to appear before you today to discuss funding issues involving the Washington, D.C. area Metrorail system. We at the Department of Transportation are concerned about this issue, not only in light of the Federal deficit and the Gramm-Rudman-Hollings legislation, but more specifically in the context of our experience with the funding of the system to date. I would thus like to share with you some of the concerns I have raised with WMATA officials and others over the past year or so about the funding of Metrorail. I also want to bring to your attention the results of a Federal City Council study on the projected costs of transit in this area through the year 2000. A copy of the FCC study will be made available to this subcommittee.

Before I proceed, let me briefly outline the Administration's budget proposal for fiscal year 1987. The Administration has proposed a 1986 rescission of all existing discretionary funding for new systems and extensions, except for those few cases where full funding contracts exist. For Washington Metro, under the Stark-Harris legislation, no rescission is proposed but no additional Federal funding has been requested. WMATA has received more Federal construction dollars than all other new systems, $4.4 billion to date. Furthermore, WMATA still has not developed a plan for covering out year costs that it will have to pay. In our view, since all other new start funding is proposed to be terminated, it would be inequitable to continue funding the Washington Metrorail system. Moreover, this recommendation, like that for construction of other new start systems across the country, is required in order to meet the budget deficit levels mandated by Gramm-Rudman-Hollings.

The Federal Role

In this connection, I think it would be useful to begin by addressing the matter of the "Federal commitment" to funding completion of the 103 mile Metro system. There has been much public discussion about the "Federal commitment" of five Presidents and eleven Congresses to the completion of the rail system, and it is true that there have been a number of public endorsements of completion of the system. But when the system was endorsed by President Nixon in 1970, the estimated cost of the rail system was $2.9 billion. By the time of President Ford's endorsement in 1975, the total cost estimate escalated to $4.6 billion. When President Carter signed the Stark-Harris legislation for Metro funding in 1979, it was understood that the cost to complete the system was $7.5 billion. Less than six months later, the cost to complete the system was estimated to be in excess of $9 billion. Today, the estimate to complete the new 103 mile system exceeds $12.5 billion.

Given this dramatic increase in the estimated cost to complete the system - from $2.9 billion to $12.5 billion - we think a closer look at what Federal officials have said about this "Federal commitment" is called for. Let me cite for you a few of the remarks of Administration officials who are said to have committed to the full rail system. In 1975, Secretary Coleman said "my recommendations ... will be based on my belief that all possible sources of funding in the region should be exhausted before the Federal taxpayer is asked to make further contributions to Metro." UMTA Administrator Patricelli, in 1976, stated the commitment as follows: "The Federal Government, reviewing all the other demands being made upon it, has set a ceiling of $4.67 billion on system costs in which it will participate." Finally, in 1979, President Carter predicated his public endorsement on the assurance of the WMATA Board that funds made available under Stark-Harris were all that would be needed to complete the system: "The Federal Government has now placed its total monetary commitment to Metro on the table."

We know today, however, that the remaining Stark-Harris authorization is insufficient to complete the 103 mile system. To date, $4.4 billion in Federal funds have been spent on Metrorail construction. Not included in this amount is the Federal Government payment of over $500 million in bond interest payments. The Government is also committed to pay $664.7 million in bond principal payments and $1.4 billion in interest payments by 2012. In addition, some $19 million a year is provided in Federal operating assistance and $38 million in Federal capital funding from our formula grants program. We believe that this amount of Federal funding for WMATA has been more than generous. Clearly, it is time to focus on the local commitment to the system.

Operable Segments

It is in this context of escalating costs over the past decade, the large Federal contribution to Metro to date, and the repeatedly expressed concerns of Federal transportation officials, that we have asked WMATA to identify how it will spend its available Federal funding before we will release those funds. I have stressed to WMATA officials that an UMTA Administrator must not approve grants for elements of a construction project which do not stand alone as useable facilities, unless there are other funds available to bring them on line. This is true for all UMTA-funded projects, and should apply to Metro construction as well. Simply put, you cannot begin something which you do not have the money to finish. This is the problem I have when considering WMATA's current proposed rail construction program, and judging from the reaction of WMATA officials and the Washington press in discussing this principle, perhaps this should be made clearer.

This "operable segment" requirement has been set forth by the Department and recognized by WMATA officials for a number of years. In 1978, former Secretary Adams stated that "the segments to be built should be useable and contiguous and should emphasize the areas of highest ridership." Before the House Appropriations Committee in 1979, former General Manager Lutz, in response to a question by Congressman Duncan, indicated that it was WMATA's "basic view...to try and get operable segments constructed."

When we commenced negotiations with WMATA for a full funding contract for an 89-mile system to utilize the remaining Stark-Harris authorization last spring, I withheld approval of the Fiscal Year 1985 grant program thinking that it would be folded into the full funding contract. I sincerely believed this would be achieved in calendar year 1985, but it was not. The 1985 program alone does not sufficiently advance work on construction elements approved in earlier grants so as to make them operable. This deficiency would have been rectified in the framework of a full funding contract utilizing all of the remaining Stark-Harris authorization. The Gramm-Rudman-Hollings legislation was then enacted and affected Fiscal Year 1987 funding deliberations. The

WMATA Board reacted by suggesting there was no further possibility of full funding contract negotiations. However, the full funding contract format will still be used and remains the standard UMTA management approach for major construction projects regardless of how much money is appropriated. The scope of the intended work must reflect the realities of the current funds available.

WMATA must identify those segments of the proposed system which can be completed with currently available resources. It appears to me that WMATA has two choices. First, it can utilize Federal funds for completion of those elements in its current schedule, provided it assures UMTA that any funding required to complete the segments begun beyond that appropriated by Congress will be provided solely from non-Federal sources. This is the practice of other cities which do have dedicated local funding. Second, if WMATA cannot or chooses not to provide UMTA with such assurances, it can amend the construction schedule and utilize Federal funds for construction activities only on those segments which can be brought into revenue service with currently available funds. Either of these approaches will ensure that available Federal funds will produce useable facilities.

At this time, however, there is no apparent source of working capital to proceed under the first approach nor does it appear that the WMATA jurisdictions are anxious to guarantee the substantially increased local share liability implicit in this approach. And if the second option is not followed, I have no choice but to limit grant approvals to those selected elements of WMATA's program which can result in useable facilities, and hold off on those which patently cannot.

There have been instances in the past where the WMATA Board authorized the construction of facilities which have stood idle, for years in some cases, while other pressing mass transportation problems have gone unaddressed. Though in some cases unforeseen difficulties were the cause of this problem, in other they were not. In any event, we cannot let it happen in the future.

It appears, however, that WMATA is on the verge of continuing this illogical practice. If WMATA were to proceed with its current construction schedule, then only the Red Line from Silver Spring to Wheaton would be brought into revenue service with available resources. Left partially built, inoperable, and without funds to complete would be the Green Line to U Street, the Green Line to Anacostia, the Green Line from Fort Totten to Greenbelt, and the Yellow Line to Van Dorn Street. These incomplete routes would require an additional $928 million to be put into revenue service. WMATA's plan for constructing the system, the ICCA-IV, encourages, in fact mandates, use of scarce capital resources in this manner. No other areas are permitted to construct rail systems in such a piecemeal fashion. Simply put, WMATA cannot continue to construct the system in this fashion.

The Completion of the Inner Green Line

There is something the Board can do, however. On January 9, 1986, the WMATA Board wrote President Reagan a letter and stated that "this proposed withdrawal of funding [in the 1987 budget] could not come at a worse time, because of its impact on the Green Line. After many years of difficult planning choices and legal challenges, all the decisions are finally made. At long last, we are ready to go ahead with this rail line, which will serve the heaviest concentration of riders in the regions. Many of these citizens are some of the most economically disadvantaged and transit dependent people in the area. It is essential, as a matter of equity, that this line go forward." We at DOT also recognize that the inner Green Line is the most cost-effective portion of the system and serves the most transit dependent citizens in the region. We could not agree more, and are pleased that WMATA is ready to proceed with its construction.

In fact, our review of WMATA's own cost figures and construction schedule indicates that the Authority can, if it chooses, complete the inner Green Line from U Street to Anacostia with less than the total amount of Federal funds already appropriated by Congress and thus currently available.

Therefore, if Metrorail service to highly transit dependent areas is truly a priority of the WMATA Board, as its letter to President Reagan indicates, there is absolutely no question that the Green Line from U Street to Anacostia should be completed using already available budget authority from fiscal years 1985 and 1986. In doing so, the needs of the most transit dependent citizens of this area could be met quickly and within the bounds of Federal requirements.

The Federal City Council Study

I have been addressing issues involving the cost of constructing the Metrorail system. Let me now turn to an equally significant matter - the cost of operating and maintaining the system. In this connection, I want to call to your attention a report released on March 11, 1986, by the Washington, D.C. Federal City Council. Entitled "Transit In the Nation's Capital: What Lies Ahead?," it is a study of projected transit service, costs, and financial impacts on the region through the year 2000. The Federal City Council is a nonprofit, nonpartisan organization dedicated to improving this area. The study, funded by UMTA, was conducted by a regional task force which included representatives from local, State, and Federal Governments, as well as from WMATA and the private sector.

The Council's study found that the total annual WMATA operating and maintenance deficit (costs net of revenues) will rise, in constant 1986 dollars, from $211.5 million today to $256.5 million in the year 2000. Another key finding of the study is that the cost of replacing and rehabilitating equipment and facilities will increase dramatically as the system ages. By the year 2000, when portions of the Metrorail system will be 25 years old, the annual amount required for rehabilitation and replacement of Metrorail and bus will be $157.5 million, in constant 1986 dollars, compared to $42 million today, a 400 percent increase. These findings mean that the recurring annual cost to public entities of operating, maintaining, and rehabilitating the WMATA system will rise from $253.4 million today to $414 million in the year 2000 - a 63 percent increase.

UMTA has a program for rehabilitation and replacement of rail systems under its section 3 discretionary program, but it applies only to systems that were built without major Federal funding - and therefore does not apply to WMATA. Thus, even if this existing rehabilitation program continues, the Washington area cannot expect any Federal funds from that program to pay for these activities.

Another significant aspect of the study is that the unfunded costs of building additional segments of the rail system are extremely high. In 1979, President Carter was assured that the Stark-Harris authorization of $1.7 billion would complete the then 101-mile system. We now know that at least an additional $2 billion will be needed to complete the proposed 103-mile system. Absent additional Federal funding beyond the amounts appropriated to date, local governments will be faced with an average annual cost of $300 million through the year 1993 to fund the scheduled Metrorail construction program.

In sum, the report notes that State and local governments in this area are paying about $270 million annually for WMATA services. This payment will rise to nearly $600 million annually by 1993, more than doubling the payment in eight years. Through the year 2000, cumulative State and local payments will be approximately $6.5 billion.

Assured Local Funding

Mr. Chairman, given the history of Federal funding to date, the deficit crisis we now face, and the projected costs of operating, maintaining, and constructing the Metro bus and rail system as highlighted in the FCC study, it is clear that WMATA must seek an assured source of local funding to complete the Metro system - and to help pay for its operation and maintenance. Others have come to the same conclusion. In response to the congressional concern about local sources of funding as expressed by Congressman Conte in March 1977, WMATA General Manager Lutz testified that: "The Authority is investigating new sources of funding which will supplement fare box revenue...[t]he Authority is convinced that ultimately an earmarked or dedicated tax[es] is essential to supplement the financial program of the Authority."

Secretary Adams stated his concerns to WMATA officials at a conference in 1978 when he said: "This brings me back to the message I have delivered to this assembly before, and no doubt will deliver again, because I believe it is absolutely essential to the future of Metro. We must have a dedicated local funding source to support public transit construction, maintenance and operation. I believe such action on your part is imperative. It is the next important step. It is inevitable if WMATA is to succeed and Metro is to continue."

During the House Appropriations hearings in March 1979, Congress reiterated its concern about the lack of action to implement a local source of funding and a financial plan. This time Congressman Duncan voiced the frustration and WMATA General Manager Lutz responded that "at this point in our history, some source of dedicated tax, at least within the major jurisdictions, is a very important goal for the fiscal health of the program and good management."

The Senate Report accompanying the Stark-Harris legislation, in discussing how the "stable and reliable" funding requirement in that bill would be met, states that "[s]uggestions have included increases in sales taxes, increases in gasoline taxes, and implementation of a payroll tax in the District of Columbia. While the committee makes no recommendation as to how the stable and reliable revenues should be obtained, it agrees with DOT and the House of Representatives that a stable and reliable source of revenue is needed in order to make decisions about Metrorail financing."

Most recently, in the Congressional Appropriations hearings in 1984 and 1985, Congressman William Lehman and Senator Lawton Chiles persistently pressed WMATA General Manager Turner regarding the need for a regional tax for transit. WMATA's position after more than ten years of consideration was to assign to a Board Committee the responsibility to explore the issue of a regional tax. After promising in March of 1984 to give its official position by July 1, 1984, the WMATA General Manager responded in March 1985 that after one year "[c]onsiderable data has been developed and many meetings have been held, but as of this date (March 1985), the Board has taken no official position on the issue."

It is urgent that WMATA address the cost of completing the planned system as well as the implications of the projected costs of maintaining the completed system as shown in the FCC study. How are those costs going to be paid? To put these costs in scale, UMTA staff estimated that funding the approximately $400 million non-Federal payment to WMATA in the year 2000 would require either about a 40-cent per gallon tax on gasoline or a 1 and 2/3rds percent retail sales tax in the region. This should not suggest that we are endorsing new taxes in these amounts, but rather demonstrates the magnitude of the problem.

This is an economically strong and growing area that includes four of the wealthiest counties in the country. Other areas have adopted local funding sources to support their mass transit needs. However, little has been done to alert the local taxpayer of the long-term financial implications of Metro. If the Board cannot even take an official position after ten years, when will an assured local funding source be established? The Congress and the Executive Branch have demonstrated both good will and financial support for Metro, while the WMATA Board has ignored the widely recognized need for assured local funding. I only wish the WMATA Board had shown the same regional unity and commitment to secure local assured funds as it has demonstrated in obtaining Federal funds. I cannot emphasize enough the fact that there are very large out year expenses that WMATA must begin budgeting for now. The Federal Government cannot be expected to cover these costs. WMATA must recognize these costs and be prepared to pay for them.

In addition to establishing an assured level of local funding, we also encourage WMATA to consider a range of innovative financing techniques that have been used by other cities. WMATA has been active in this area, but more can be done. These techniques include development fees, where a developer would be required to pay a fee as a condition of permit approval and the fees would be used for transit benefits. Or WMATA could negotiate with developers to agree to share the cost of transit improvements that will benefit their property, as has been done in New York City. Another interesting concept is the benefit assessment district where increased property values and taxes attributed to transit improvements can be earmarked for transit use. There are a number of other concepts that cities are looking at. In short, WMATA should be considering every possible financing mechanism in addition to securing an assured level of local funding. We will be glad to provide them with studies and information that we have developed about useful financing techniques.

Mr. Chairman, that concludes my prepared statement. I would be pleased to answer any question that you might have on our proposal.

Mr. **Lehman**. That was a very realistic and thought-provoking statement, although, not inspirational, and actually not as ominous as I anticipated.

PRESIDENT'S COMMITMENT TO METRO

Mr. **Lehman**. Mr. Stanley, in your prepared statement last year you affirmed the administration's commitment to complete funding under the Stark-Harris authorization, and you were preparing to begin negotiations with Washington Metro for a full funding contract for an 89.5 mile system that would be funded with the balance of the Stark-Harris authorization. This year the President's budget proposes no new funding for Metro construction. Why has the administration abandoned its commitment to complete funding under Stark-Harris?

Mr. **Stanley**. We were negotiating a full funding contract and at that time, which was late in November and early December, the Department was anticipating a funding level of about $211 million and we were tracking the progress of the continuing resolution at the time.

Then in those fateful days in December with the passage of Gramm-Rudman-Hollings, the Administration went back to develop a Fiscal Year 87 budget to try to meet the targets set in Gramm-Rudman.

And the simple and sole reason for the zeroing out of Metrorail construction was an attempt to accommodate the Gramm-Rudman-Hollings legislation.

NEW UMTA FUNDING CRITERIA

Mr. **Lehman**. Ms. Turner, the administration no longer supports additional funding for Metro construction under Stark-Harris. Mr. Stanley has informed the Metro Board that he will approve your fiscal years 1985 and 1986 grant programs only if you include segments of the proposed system that can be completed with currently available resources. He has also laid out what he sees as your available options that will meet his criteria given no additional funding. They are:

(1) Use fiscal years 1985 and 1986 funds to construct only those segments that can be brought into revenue service with currently available funds, or;

(2) Continue to work on the 89.5 mile system using fiscal years 1985 and 1986 funds, but with the assurance that funding beyond that appropriated by Congress and required to complete the segments that Metro begins will be provided solely from non-federal sources.

Ms. Turner, what is your view of Mr. Stanley's criteria and suggested options; and has the Board taken an official position with respect to these guidelines and suggested options? I am particularly interested in your attitude toward his Green Line proposal.

Ms. **Turner**. Mr. Chairman, first of all, we recognize that the Urban Mass Transportation Administration must set criteria for delivering grant funds. And we have tried very, very hard to respond to those criteria. I pointed out earlier in my testimony that one of the problems we face is that those conditions and requirements continue to change. I would just like to walk you through a little history and get to where we are today.

In 1984, we were asked to submit a plan which was to tell the Urban Mass Transportation Administration what we would do with the balance of the Stark-Harris authorization. We put that plan together and submitted it to UMTA. That plan not only represented what the Board believed we could do with the Stark-Harris authorization, but resulted in something we call the Fourth Interim Capital Contributions Agreement which requires the signature of the local jurisdictions participating in the Compact.

I cannot describe for you what an intense and difficult task it is to get agreement of all the local jurisdictions on a construction program. In this case, it was a construction program that, while it looked at the construction of the 103 mile system, recognized that there was not enough money in the Stark-Harris authorization to complete that system. Each jurisdiction then left some piece of its construction unfunded.

That plan was sent to UMTA. The plan was based on guidance from the Administration—that appropriations levels should be set through 1989 at $250 million to $275 million annually. Once that plan was received, we were then asked to negotiate a full funding agreement. Then we spent several months putting together a full funding agreement.

We transmitted a draft full funding agreement to UMTA in September of 1985. We did not hear from tbe Administration again until we found that we were zeroed out of the President's budget. Then, on February 5th, we received a letter from UMTA which set out the criteria that you just described, that is, that we needed to submit to them a construction program that was based on Fiscal Year 1985 and 1986 appropriations, and that we needed to submit a program that guaranteed that any construction initiated with Federal funds, would be completed.

As I indicated in my testimony, as a result of the February 5th letter, we put together a revised plan. That plan was approved by the Board this past March and has now been referred to the jurisdictions. I described this plan in great detail. It includes funds that were planned for very critical projects, some of our bus-rail capital improvement projects and some of our rail reliability projects. It looks at funding that we have in prior grants that is targeted for other projects and reprograms that money to underpin a construction program that compresses most of the construction in a multiyear program into two appropriation years, Fiscal Year 1985 and 1986.

Having done that, we still did not have enough funds to underpin the full system, and so we have also requested that the local jurisdictions advance their match so that we can proceed further on this construction project.

We believe that this region is committed to building the Metrorail system. The revised program is out for review. We have a preliminary letter from UMTA that says they feel that this is an honest and thorough effort to meet their requirements. Our concern here is that we find a way to get over these administrative hurdles and get on with building the system.

We are moving quickly. We have asked for a response from our local jurisdictions by May 1. As I said in my testimony, we are asking for a response from UMTA. Mr. Stanley indicated that UMTA would review the plan and get back to us in the next two weeks

We now have yet another plan and will have to go through this very complicated regional review that meets this new criterion that was imposed as a result of Mr. Stanley's February 5th letter. We hope that once we do that we can quickly agree on a full funding contract and then get on with building the system. But I must point out that this program puts us at great risk and if there is no Fiscal Year 1987 appropriation, we have mortgaged the Metrorail program and our ability to provide reliable service to the hilt.

Mr. LEHMAN. You are talking about somewhere around $450 million in those unobligated funds right now, I think, are you not?

Ms. TURNER. There are $440 million, I believe, in funds that have not been appropriated by the Administration and I think that is what——

Mr. LEHMAN. They are appropriated by us.

Ms. TURNER. I think that those are the funds that you are referring to.

Mr. LEHMAN. I just wanted to know how much you were talking about.

Ms. TURNER. Mr. Stanley, suggested that we could take that $440 million to build the Inner-Green Line and some construction beyond that.

Given the regional compact and the regional nature of this construction program, every jurisdiction has to agree on the construction program. To take the remaining appropriated funds and target them to one line simply is not politically realistic in this region.

Mr. LEHMAN. It is a political problem as well as a practical problem, but Mr. Stanley, do you basically concur in the sequence of events, the so-called bureaucratic processes that Ms. Turner spoke of in her statement?

Mr. STANLEY. I agree with the sequence of events. The principles of what we were talking about when we were talking about a full-funding contract, remain the same. The February 5th letter is an attempt to take appropriated funds and fit them into the same very simple principles.

And, as I read in my testimony, Mr. Chairman, they are principles that have been reiterated over the last decade by former administrators, Presidents and Secretaries of Transportation.

One point I would like to make is that this is the only rail system over the last decade that has been permitted to build concurrent construction without those kinds of restraints. We are going through the same process in Atlanta, in Miami, in Los Angeles, and in a rail mod project in Philadelphia. The conditions are not new. It is just, I think whether or not the ICCA-IV locally adopted and hoped for agreement on construction takes precedent over what the Federal requirements are.

And I want to make it clear that there has been a remarkable exception over the last 17 years applied to this system. I am in a very awkward position. I have a budget recommendation in which the Administration is recommending zero construction funding.

And I have got to abide by that until such time as the President and/or the Administration compromises on it. The question I have in March of 1986, is given available appropriated funds and the possibility, however remote, that there is no construction funding for WMATA and beyond, that the appropriated funds buy results in parts of the system that can be used.

Mr. **Lehman**. We know that this is a little different from the other systems and one of the reasons is that you have Maryland, Virginia, and D.C. Other systems that you compare this to usually have more of a unitary type of an authority with which you are dealing. But that is just one of the problems.

Mr. **Stanley**. Just one brief comment. Trying to get agreement in the San Francisco Bay Area is akin to the Middle East, on transit.

And in Atlanta, they have got the same rural, suburban, urban problems and it is not easy to get that kind of political compromise in Atlanta either. Nor in other cities that we deal with. And some of them, New York and New Jersey, with regard to the Port Authority and the PATH, come up with regional compacts. I know the political difficulties, but I would say that given my experience in some of the other cities, it is not unique.

IMPOUNDMENT

Mr. **Lehman**. Well, to get back to the hard facts of the $440 million which you are now withholding. Despite your rationale, aren't these funds authorized under Public Law 96-184 and doesn't your withholding them, in fact, constitute a form of impoundment?

Mr. **Stanley**. The 1985 and 1986 money is no year money and there has been a lot of conversation and accusations made publicly that we are withholding the funds.

I would say two things. The Stark-Harris legislation does clearly set out that the funds would be provided under terms and conditions established by the Secretary so it does not constitute impoundment. Secondly, with regard to the 1986 funds, I have been responding to questions about withholding the 1986 funds since December. I just want to point out to the Subcommittee the application for the 1986 funds, arrived at UMTA Monday.

And up until Monday, there was no way that I could have released the 1986 funds, despite the disagreements over operable segments.

NEW UMTA FUNDING CRITERIA

Ms. **Turner**. Mr. Chairman, may I make just two comments?

Mr. **Lehman**. Ms. Turner?

Ms. **Turner**. I think it is important to put this in perspective. We are not, as I said, earlier talking about a new start We are talking about a construction program that is some 17 years old. And we are talking about a construction program that is based on and designed to meet multi-year appropriations.

To try now, in 1987 to somehow retrofit new criteria which do not deal with the concurrent construction process will strain regional relations. Concurrent construction is what we have been doing in this region for years. It is what the region agreed to and it has resulted in operable segments. I do not think that if you look at that map you will see anything that is not a part of an operable segment. And if you go to the heart of the principle of the Stark-

Harris authorization and the multi-year construction program, you will see that we can bring in 89.5 miles, as we said last year, with the balance of the Stark-Harris authorization.

What we have done, as a result of the Administration's latest request, is now to compress that construction program into a two-year appropriation and underpin that with funds from other sources. That demonstrates the dedication of this region to move this construction program forward and our willingness to put ourselves at risk. It is true that the Fiscal Year 1986 grant went to UMTA just this week. The reason that we could not submit the grant earlier, is because we received Mr. Stanley's letter which changed the rules of the game in February. Mr. Stanley had no doubt about our intentions with respect to the construction program because we did submit to him more than 18 months ago the Interim Capital Contributions Agreement which lays out the construction program not only for Fiscal Year 1987 but for 1985, 1986, 1987, 1988 and 1989, There is no question about what we intend to build.

IMPACT OF FUNDING DELAYS

Mr. LEHMAN. I will move on. Ms. Turner, you have answered this partially already, but what effect has the withholding of your fiscal year 1985 and the 1986 grants had on your construction schedule? Have you had to delay construction, and if so, on which specific segments and what do you estimate is the cost associated with the delay in construction?

Ms. TURNER. We have projects that are ready to go right now. We have projects ready to go on the Red Line, from Silver Spring out to Wheaton, including work on the Forest Glen station, the Wheaton tailtracks, and work on the Wheaton station.

We have work that is ready to go on the inner-Green Line at the Waterfront Station. We have work that is ready to go at the Van Dorn Station on the Yellow Line and West Hyattsville on the outer Green Line. We will initiate procurement action on these two pieces of work this Thursday, subject to availability of funds. We also have projects that are ready to go on the inner Green from Gallery Place to U Street. In the last 18 months or so, we have moved forward to get those projects construction-ready so that the minute federal funds are released, we can move the work. Obviously, every day that we delay those projects costs us money. We are in one of the best bidding climates this country has ever seen. And, indeed, with inflation lower than estimated in our plans we can get a dollar and forty cents worth of construction out of every planned dollar that is obligated. So we need the money. We need the money now; our projects are ready to go and we want to move forward.

REVISED CONSTRUCTION PLAN

Mr. LEHMAN. How many miles of the system do you believe would be completed assuming Mr. Stanley's criteria are met and no additional federal funds were provided?

Ms. TURNER. Well, that is an assumption that I have some difficulty with. Our goal, obviously, is to build a full 103 mile system and as I said earlier, we can build 89.5 miles with the balance of

Stark-Harris. I described our revised construction program and with Mr. Stanley's most recent guidance, using the Fiscal Year 1985 and 1986 appropriations underpinned by other funds, we could build to 85 miles. But we see the new program as a total package: the 85 miles is the first piece; the next piece would move us out to College Park; and the final piece would get us to Greenbelt. So we are still looking toward building the full 89.5 miles within the Stark-Harris authorization although we have, as a result of Mr. Stanley's latest guidance, revised the construction program to meet that guidance.

Mr. LEHMAN. How many miles—you are still up to 89 miles?

Ms. TURNER. We can build 89.5 miles with the Stark-Harris authorization. We can go to 85 miles within the first phase of our three-phased construction program.

Mr. LEHMAN. I understand.

Mr. Stanley, do you agree with these mileage estimates?

Mr. STANLEY. I would agree if there were no additional federal funding from fiscal years 1987 forward and the Administration's proposal were adopted, I think the total mileage would be on the order of 75 to 76 miles, without the reprogramming.

And I know that there is a later question dated February 5th. The application that we got Monday does not currently reflect any of the conditions in the letter sent to the WMATA Board February 5. And there is an additional question concerning unobligated funds. I think I talked with the Committee about the need for money for some of the construction contracts that are scheduled to proceed this week and in the next couple of months.

Mr. LEHMAN. There is apparently a 9 or 10 mile differential in your estimates.

Mr. STANLEY. The Board has not yet adopted the reprogramming of prior year funds, which are now available for construction. So we are operating under what the official Board position is.

FULL FUNDING BY LOCAL JURISDICTIONS

Mr. LEHMAN. Ms. Turner, what is the likelihood that the local jurisdictions would agree to fully fund construction of any or all of the remaining unconstructed segments of the Metrorail 89.5-mile system, and what is the likelihood that the local jurisdictions would agree to fully fund construction of the uncompleted segments of the 103-mile system beyond the Stark-Harris authorization?

Ms. TURNER. Mr. Chairman, I would say that——

Mr. LEHMAN. Do you have a crystal ball?

Ms. TURNER. Yes. I would say that the local jurisdictions clearly are willing to pay their fair share for the construction of Metrorail, but they view, as I do, that the construction of Metrorail is a partnership, and will continue to be a partnership with the Congress and with the Federal government.

Mr. LEHMAN. And Mr. Stanley, do you agree with Ms. Turner's response?

Mr. STANLEY. I have no question that the local jurisdictions would favor completing the 103-mile system with 80 percent Federal funding. I think that the political likelihood of that is extremely slim and my concern is, in order to finish that system, I think we will require, at a minimum, a substantially increased local cost on construction.

And I would also say those local jurisdictions need to know the cost associated with construction on rehab and replacement as well as operating costs, as this system is filled out.

Mr. LEHMAN. Before yielding to Mr. Coughlin, I just feel that with all of these political problems and with all of these financial problems, that WMATA, the Washington Metrorail System, has taken on a life of its own, and it is bigger than the problems that face it. I wish I had the certainty about other federally assisted programs that I have about the eventual completion of the Metrorail system in this area.

Mr. Coughlin, my timing was perfect.

Mr. COUGHLIN. Mr. Chairman, do you want to go vote and come back, or——

Mr. LEHMAN. We might as well. We will try and complete this hearing by 12:30 or 1:00 o'clock, if it is all right with you folks, and then we can start with UMTA around 2:00 or so.

[A vote recess was taken.]

Mr. COUGHLIN [presiding]. The Chairman suggests we proceed so that we have time to complete this at some reasonable hour. I certainly, first of all, want to welcome Metro General Manager Carmen Turner as well as Mr. Stanley here. I congratulate you on a job well done with Metro. I note that you recover about 65 to 70 percent of your rail costs at the fare box, which has got to be a fine record. It must be one of the highest in the country, I would expect.

Ms. TURNER. It is.

REVISED CONSTRUCTION PLAN

Mr. COUGHLIN. I also understand that you have one of the best safety records in the country; perhaps the best safety record in the country. So that I think that for those two things Metro should be commended. I think that Metro really does have a service that is reliable, safe, clean and efficient, and it is a great credit to you.

I must confess to some confusion. I thought that this would be a "love feast," because at least as I understood it—and I just want to make sure I do understand it—that the Metro staff had released a construction plan during the last week in March. This plan would permit construction to continue even if the Administration's zero budget is adopted, which, I might say, I doubt that it will be.

Under that plan you could complete the inner Green Line from U Street to Anacostia, finish the Red Line from Silver Spring to Wheaton; build the Yellow Line from King Street to Van Dorn; and construct the outer Green Line from Fort Totten to Prince George's Plaza.

And as I understand Mr. Stanley's testimony, that corresponds to the portions that were partially built, and inoperable, particularly in relation to the Green Line, and I understood there was some agreement between the two of you on that kind of a program, that that would be a workable kind of program.

Mr. STANLEY. I received that plan, which as I understand, the board has agreed to vote in principle and has sent to the jurisdictions for comment and/or approval, on Monday. After a first reading, we think the plan meets the requirements of the February 5th letter.

The board has not officially approved the plan since it is out in the jurisdictions to be commented upon. When comments are received I think—and I would defer to Carmen on the procedure—that the board will then officially vote yes or no on it. We are currently reviewing it in full, based on the receipt of supporting documentation which we got Monday.

Mr. COUGHLIN. But that could be done with available money, is that correct?

Mr. STANLEY. Yes.

Ms. TURNER. Let me put that in context. The February 5th letter basically changed the conditions for the construction program. UMTA's new requirements were to put together a plan that was based only on available federal funds in 1985 and 1986. We could not take into consideration federal funding beyond 1985 and 1986. Based on that letter, we revised the construction program.

We recognized also, as I am sure you do, sir, that we could not commit all those dollars to any one line, given the nature of this construction program and the politics involved in the support of this regional system. So indeed we did put together a plan that builds from Silver Spring to Wheaton, finishes the line to Van Dorn, takes us from Anacostia to U Street, and takes us in the first phase—and I think it is very important to point out that this is just the first phase—to Prince George's Plaza.

That plan uses all of the available funds in 1985 and 1986. It also requires that, pending availability of fiscal year 1987 funds, we freeze funds that are currently available for other very critical projects, including projects associated with the rail construction program beyond Prince George's Plaza, and funds available for our bus capital improvement program and our rail reliability program. UMTA's guidance was that anything we started we had to guarantee we could finish, using only funds already appropriated. To accommodate this new requirement we set aside funds in our capital improvement program as a basis for guaranteeing or underpinning a broader rail construction program than we could build with the $440 million in 1985 and 1986 appropriations.

Even with that we have to go to the local jurisdictions and ask them to advance their local match in order to have enough money to carry out the proposed program.

Now if there is no money in fiscal year 1987, it means that we have to commit all our reprogrammed funds and the advanced local match to the construction program. It also means that the local jurisdictions will have to commit some $190 million for construction management and for insurance in the out-years. So it is not simply that we have found a way to finance an extensive construction program in fiscal years 1985 and 1986. It is a way for us to maintain the momentum of the construction program.

It requires UMTA's assistance; it requires letters of no prejudice; it requires a fast turnaround in reviewing our requests. But we believe that we can at least keep the construction program going, that when we receive a FY 1987 appropriation, we would release some of the projects that we are now delaying as the commitment or the guarantee to move the construction forward. We would also then ask the local jurisdictions to again advance the local match so that we can continue to build the system.

But our goal is to build to Greenbelt, and to meet the 89.5 mile goal that we believe we can achieve through the Stark-Harris authorization.

We did meet with UMTA on Monday and went through this program with them. We also have a letter from UMTA which says that the program represents an honest effort to meet their requirements and that on first review, it appears that the program does.

So we have put ourselves at great risk to meet these changing conditions of the February 5th letter, which shrink the available dollars from a multi-year construction program excluding to fiscal year 1989 to two years, fiscal year 1985 and 1986.

Mr. **Coughlin**. What I am interested in is obviously seeing that construction continues, particularly on the inner Green Line which I think is tremendously important.

Ms. **Turner**. That is right and this program does do that.

Mr. **Coughlin**. And this package would allow that to continue.

Ms. **Turner**. That is correct.

Mr. **Coughlin**. And so there has been, at least, a tentative meeting of the minds on——

Mr. **Stanley**. Yes. I would add one point to that, Congressman. Immediately upon the official release of the Administration's budget, I communicated with the board, and at the time outlined the principles, given the recommendation for zero funding; requested on February 5th a meeting with the board.

I have followed the actions of the staff, and met a number of times with Ms. Turner. I have been unable to get a meeting with the board in the last few months about this.

And the one other requirement of this plan is that the Board approve it. That we are eagerly waiting for. I said on February 5th we will release the funds as soon as possible. When I read about the plan in the paper, I got a copy of the board resolution, reviewed it, and quickly wrote a letter indicating to the board, that upon "first blush," it does seem to meet the requirements. And as I said, no one is more eager than UMTA to have that plan, and construction go forward, as to the delay—we are operating and reviewing it on the assumption that it will be approved by the board, but until the board action occurs, there is really little that UMTA can do.

Ms. **Turner**. The Metro Board has met with Mr. Stanley before, and the Metro Board feels that once they have formally approved and submitted the plan to UMTA—and I think this is important for the plan—they are prepared to meet with Mr. Stanley.

They also would expect at that time, that Mr. Stanley would give them a date certain for UMTA's approval of the plan, and for an approval of any additional requirements.

We simply cannot take another 18 months to try to negotiate a plan, a full funding agreement, and have those requirements increased every time we think we have satisfied the Administration's requirements. So yes, we do want to meet with Mr. Stanley. We want to have an agenda that we can all agree to, and we want a date certain that we can bring this part of the decisionmaking process with respect to Metrorail to closure, so that we can get on and build the Green Line that you are so anxious to see us build.

Mr. **Coughlin**. I know that the staff released a construction plan. Do you have any feel for what the chances of it being adopted are, and what the timeframe for that is?

Ms. **Turner**. Mr. Coughlin, we are optimistic. We have met with each one of the local jurisdictions. We have also met with the Maryland Department of Transportation. We intend to, as I describe it, do the "road show" again, and go out and meet with all of the jurisdictions.

But the feedback that we have received to date has been, for the most part, favorable. We do have some hurdles that we have to overcome and we have some differences of opinion between some of the jurisdictions, but that is not new to Metro.

We believe that given the regional nature of Metro we can resolve any differences. Certainly, our goal, and the Board's goal, is to bring this matter to closure as quickly as possible.

DEDICATED FUNDING SOURCE

Mr. **Coughlin**. The other line of questioning I just want to pursue for a moment at this time, and then I will yield and will have further questions later.

However, I think that the report that was developed concerning the future of the operation of Metro and the need for a dedicated source of funding is certainly one thing I tell my people in Philadelphia all the time. I have indicated the same to you. That does not seem like it has moved much over the years, since I have been sitting in this chair. I guess the board has not taken a position on the issue yet. Can I ask why that is?

Ms. **Turner**. Well, I think the Board views it somewhat differently, sir. When the Stark-Harris legislation was passed, the Board was required to establish stable and reliable funding for the Metrorail and Metrobus operating programs. If you look at the history of our program, you will find that the region has never defaulted on its financial obligations. The region has always met its operating assistance requirements, and at no point have we been unable to meet the local share of any Federal grant.

The jurisdictions are meeting their obligations. We believe that if at some point a regional tax is adopted, it should evolve from the region; it should be a local initiative, and should not be imposed upon us by UMTA.

Mr. **Stanley**. If I may comment. I was, as you are aware, Mr. Coughlin, in the Secretary's Office, at the time the "stable and reliable" finding was made in 1982. There are, in my view, and in light of the Federal City Council report, two very disturbing and very new elements in that report. One is, that when that finding was made, we were relying on the assurances of WMATA that Stark-Harris would substantially complete the construction. We have since found that there is an additional $2 billion needed to complete the 103 miles.

And secondly, there was, at that time, no evidence, no information, and nothing that had been developed with regard to the financial obligation of rehabilitation and replacement of the existing system, which, according to the report, totals in the next 14 years, about $1.6 billion.

Again, the "stable and reliable" finding was based on two presumptions which are simply no longer valid, and I totally agree with Miss Turner that the scope and size of any local funding is up to the local jurisdictions.

But what has been discouraging, in reviewing the entire history of efforts by this committee, Congress, and past administrations, is that that kind of dedicated local funding sources does not have to be one source. Each of the jurisdictions can do what they please.

Progress to that end has not been made. And what is very disturbing about the FCC study is the rehabilitation costs. While it is recognized what the costs are, I stress, there is not an identified source of funding to pay for them currently in place.

And as you know, in the rail mod cities which have been the real source of Federal support for mass transit in the last ten years, that very occurrence, not setting aside maintenance and rehabilitation funds, not having a capital reserve, which happened in New York and Boston, Philadelphia, and Chicago, has created tremendous financing needs in those cities, and that is not an issue for tomorrow; it is an immediate issue with impact over the next several years.

Ms. **Turner**. I agree with Mr. Stanley, and I want to point out that the Federal City Council study should be applauded; that indeed, we are getting smarter about transit management, transit needs, and fiscal requirements.

Washington Metro is the first transit authority to undergo this kind of scrutiny in terms of its out year costs, and we are using the results and findings of the Federal City Council study, as a management tool, so that we can begin to plan for costs in the year 2000.

And I said this earlier in my testimony. It should not surprise anyone that twenty years from now things will wear out and have to be replaced.

The Metro Board is taking the first step. We have set up a depreciation account; we have put $15 million aside this year to begin to build a reserve to finance some of those costs.

I am not suggesting that this region may not decide, at some point, that a different source of funding is necessary to pay Metro's costs. I am saying that I believe that is something that should be left to the jurisdictions, and we should not be criticized until such time as they default in one way, or another, on their commitments, either to the Federal government or to the Transit Authority.

It is a serious issue, and we disagree with the accusation that we have not been forthright in revealing our costs.

We have annually estimated the cost for completion of the system. We have started, prior to the Federal City Council study, a depreciation account for overhauling traction motors; but we are in a growth period and we are all learning more and more about how to operate transit efficiently and effectively.

We welcome the study, and we are looking for new and innovative ways to finance transit, to improve our maintenance, and to avoid finding ourselves in a situation where we may have to defer maintenance.

Mr. **Coughlin**. My concern is, putting aside the current budget request, and assuming that Congress does spend the remaining Stark-Harris money, we are at some point going to reach that area where Federal funds are exhausted yet there is still more to be built. The economic climate would dictate the path that Congress takes at the time.

Some cities come to this committee asking for only 50 percent construction money, for example. Calling it the "Nation's subway" is not going to make it, I do not think. It will be hard to get around the fact that it is a project in someone else's Congressional district. And so a little self-help in raising the local funding would go a long way toward building good will and making it apparent that, in the long run, it is going to be a viable system.

Ms. **Turner**. I believe that this region is prepared to meet its obligation, assess what jurisdiction participation in the out years should be, and to contribute in a responsible way.

Mr. **Coughlin**. Mr. Chairman, let me just conclude by saying I was pleased that you indicated that this is the best building climate that we have ever seen. One of the things that dictates trying to be fiscally restrained in this atmosphere, is to continue that "best building climate" that we have ever seen. I welcome the statement.

Thank you, Mr. Chairman. I yield.

Mr. **Lehman**. Thank you, Mr. Coughlin. Mr. Wolf.

PRESIDENT'S FISCAL YEAR 1987 BUDGET FOR METRO

Mr. **Wolf**. Thank you, Mr. Chairman. I want to welcome both of the witnesses, and just say that I think Mrs. Turner does a good job, it is a well-run system. I have a few questions, and I will also submit some for the record, if I may.

Mr. Stanley, if I could just ask you: Is it fair to say that UMTA recommended $211 or $212 million for the continuation of the construction of Metro for FY 87?

Mr. **Stanley**. Actually, UMTA sent to Secretary Dole a recommendation of about $187 million, which was at that point the level in the Senate Budget Resolution. Secretary Dole upped that to $211 million.

Mr. **Wolf**. OK. Well, that is even better. Then Secretary Dole, when her recommendation went over to OMB, it was 211?

Mr. **Stanley**. Right.

Mr. **Wolf**. OK. And then it was zeroed out at OMB?

Mr. **Stanley**. Subsequent to the adoption of Gramm-Rudman, the final budget figure was zero.

Mr. **Wolf**. So is it fair to say—and I do not want to put you in a spot or create a problem for you downtown when you go home for lunch today—but is it fair to say that the Department of Transportation did think this was a good idea to urge this funding, but that it was cut off at OMB? That is where it was done?

Mr. **Stanley**. It is fair. The one thing that it would be unfair to imply is we served out the funding before Gramm-Rudman became law.

Mr. **Wolf**. I understand that.

Mr. **Stanley**. As as soon as Gramm-Rudman passed, I was in daily contact with OMB, as was the Department, on how we adjust that budget to that legislation, and I have gone through with the Secretary and the rest of the people at the Department, the choices the Department had to make, and I would defend the choice made at OMB, given the overall departmental budget today.

Mr. **Wolf**. No, I understand that. I just wanted to let the record show that there was the support for it when it went over to OMB.

Mr. **Stanley**. Yes, and consideration and support at OMB, I might add.

Mr. **Wolf**. Right. And since that time, the Senate has voted to reject the Administration's budget on that level, and came in at what? 217?

Mr. **Stanley**. 217 in the Budget Resolution.

Mr. **Wolf**. 217. OK. I just want the record to show that there is the support there, and that the problem at least originated at OMB.

The second question relates to the Metro Board, and Mrs. Turner—I do not envy you having to work with the Metro Board; to have that many different bosses from different places has to be one of the toughest jobs in——

Ms. **Turner**. It is a fine Board, Mr. Wolf.

Mr. **Wolf**. I know it is a fine board but——

[Laughter.]

Mr. **Hoyer**. I think this is a wonderful committee. [Laughter.]

Mr. **Wolf**. Do you want to say something, Mister——

Mr. **Stanley**. I think everybody is wonderful, too. [Laughter.]

RELEASE OF APPROPRIATED FUNDS

Mr. **Wolf**. But it is still a tough job. This is directed to Mr. Stanley. If the Board does agree with the February 5 letter, how soon would the money be released?

Mr. **Stanley**. Based on what was agreed to and submitted to the jurisdictions, I think—although I did hear Mrs. Turner refer to additional requirements which we may have the money could be released very, very, very quickly, in a matter of weeks.

I think what we would do is take the principles that were in the full funding contract we were talking about, adjust it to this scope of work and this level of funding, and sign it.

Mr. **Wolf**. And you think, Mrs. Turner, that the Board is close to accepting the February 5 letter? I know you cannot speak for the Board and I am not trying to get you in trouble.

Ms. **Turner**. I am optimistic and we are working with the local jurisdictions to move that as quickly as possible.

Mr. **Wolf**. So if that is done, then we are talking about the money being released within a month. Is that a fair statement?

Mr. **Stanley**. I think we could do that within a month.

DEPRECIATION RESERVE

Mr. **Wolf**. In a month. Okay. The next question, because I think we all agree—or I certainly am hopeful that we all agree with regard to the operating costs and the construction costs.

Mrs. Turner, would you comment on the Federal City Council Study question of the rehabilitation costs of Metro? Do you think the Board should have acted earlier with regard to the rehab costs, and should they have set up a rehab fund to take care of inevitable rehab and replacement costs?

Ms. TURNER. I think that hindsight is always wonderful. We did recognize that we were going to have to replace some of our traction motors, and had, prior to the Federal City Council study, begun to set up a small reserve to deal with the replacement of the traction motors.

I am very pleased that the Board has welcomed the findings of the Federal City Council study and is moving aggressively now to begin to find ways in which to meet the costs in the out years.

So I think that as we move forward—and I said this earlier—we are all becoming much smarter in how to manage transit and how you do it in a cost-effective way.

Mr. WOLF. But it does seem that maybe the Board should have earlier acted, or done something. And I think that Mr. Coughlin makes the point that it is important for us who are fighting for Metro up here to be able to appear with clean hands, if you will, and say we are doing everything we can. Because the Federal funding, which I am committed to, is absolutely important to finish this Metro system. Do you have any comments about that, Mr. Stanley, or Ms. Turner?

Ms. TURNER. Mr. Wolf, I would like to make just one comment. If there is something that has not been done, maybe I am the one that is remiss, because I manage the transit system and it is my job to identify the kinds of programs and activities that are going to ensure that the system is well managed, and to recommend those to the Board.

And I certainly am moving, as quickly as possible, to do that. But we think that the findings in the Federal City Council study are most encouraging. I agree that if we had made these decisions ten years ago we would be ahead of the game. There is no question about that. We have to now act aggressively, given where we are and what the future holds. Now Mr. Boleyn wanted to comment.

Mr. BOLEYN. I think there are a couple of applicable comments, Mr. Congressman. We have from time to time, as part of our annual operating budget review, approached the jurisdictions in regard to payment for certain reserve funds.

Our costs were not large at the time, but the general response was that WMATA costs should be funded on a pay as you go basis. The jurisdictions preferred, at that time, to make payments for such costs as worker's compensation and third party claims, on an annual basis rather than fund reserves. A few years ago, the Board and the juridictions modified their position regarding reserves.

As Mrs. Turner pointed out, we do have a small depreciation reserve that we began in 1981, aimed at a category called repairables and we now have reserves for our claims costs. Now that these reserves have been established, we can move forward in establishing a depreciation reserve.

For our current replacement costs, the Federal Government provides Section 9 funds. They are used to replace and rehabilitate capital items in a manner similar to monies that we might establish as a reserve.

We spend quite a bit of money out of our operating funds year to year in preventative maintenance to extend the life of facilities and equipment. That also reduces the size of any reserve needed for depreciation.

What I am indicating is that we are not just sitting still and watching equipment and facilities be utilized and perhaps worn out. Maintaining equipment is a continuing process. And the other aspect to this is that and in responding to the Federal City Council study, we are developing now and will present to our Board, within the next six months, a depreciation funding plan.

In other words, we are actively taking into consideration what is in the Federal City Council study. Our plan will look at the kind of capital monies that are available on an annual basis, and it will take into consideration annual use of operating funds which extend the life of equipment and facilities. Based on those findings we will recommend to our Board an appropriate funding level for a depreciation reserve.

So all of those things are at work—to use an overused term—dynamically, from year to year.

Mr. **Wolf**. Well, that is important because I think it will help us too, as we are explaining to Members here. Do you take issue at all with them on the Federal City Council report?

Mr. **Boleyn**. No, we do not take issue with the report upgrading how you fund depreciation and whence the monies are coming annually.

LABOR COSTS

Mr. **Wolf**. I have a couple other questions. Let me just ask one more, and then make a closing statement. This is a difficult, touchy issue, but I think it one that we have to address. On the labor costs, I read the article in the Washington Times, that it quoted some members of the Metro Board, and it compared salaries of Metro stock clerks with the salaries of other area workers.

Mr. **Wolf**. In this article that I am referring to, the stock clerk working for WMATA was making some $30,000 and it then quoted salaries of people in the region and I cannot say that they do comparable work, because I do not know exactly what they do.

The issue is this, the suggestion was of a two-tier system whereby, you don't violate your agreement with your current employees. We have argued this very strongly up here on Capitol Hill with regard to the Federal employee and it ought to be honored.

The question is, what about new people that come on? Have you, are you considering a two-tier pay system? I know that you are in labor contract negotiations now. What are your comments with regard to that?

Ms. **Turner**. Mr. Wolf, we are in negotiations now, and we have a number of proposals that we would like to see incorporated into our new contract. One of them does address the very issue that you point out, and I prefer not to get into the details of it today.

Let me just make one general statement about the labor contract. We inherited a labor contract that we believe was very rich.

We have spent, at least in the last seven years, a great deal of time and effort trying to bring that labor contract under control, and we think that we have made some significant progress. If you recall, during the last round of negotiations, we were able to get out of that contract the quarterly cost-of-living escalator. Now, inflation went down, but it was to our advantage to get it out. The timing was such that we could get it out. In this round of negotiations, we are working again to take steps, based on a long-range labor plan, to bring the contract more in line with what we believe is acceptable. We recognize that 80 percent of our work force is represented by some labor union and we want to maintain a good working relationship with our employees. We want to make sure that they are compensated fairly for work performed. We have our employees' concerns at heart and at the same time, we are moving to hold our costs down.

Mr. WOLF. Well, I think it is important because we want to keep good relationships with you and your employees but it is equally important and I would say even more important to keep good relationships between you and our constituents and your constituents—the people who live in this Washington Metropolitan Area who are going go pay for these salaries.

And I would urge you to be very, very aggressive and very forceful on that issue, because as you are successful there, I think that it helps us up here and then it also is less of a burden on the people who are going to ride it and the people who are going to be in the area. I do not know if you are purposely—maybe you do not want to say much. Would you rather not comment publicly on the two-tier pay system?

Ms. TURNER. I would rather not comment publicly on it. I will say that we believe that it is important to contain and control our costs. We have instituted a number of programs that we believe do that, and we have seen some results. We are reducing administrative overhead. There are a number of areas in which we believe that we can cut our costs. And I think that if we prevail in this labor negotiation, you will see some things in the contract that do reflect your concerns. But until we are able to bring that to closure, I would prefer not to speak to the specifics of our proposals.

SCHEDULE FOR APPROVAL OF REVISED PLAN

Mr. WOLF. Okay. I would be interested in knowing if you could let me know.

Mr. Chairman, I will not take up too much more time. I do have a number of questions that I would like to submit for the record. And also, just to sum up, I think it is fair to say that the record ought to show that one, there was support, is support at UMTA and at the Department of Transportation for Federal funding to complete this system and this year it was $211 million and secondly, that should the Board reach an agreement, with Mr. Stanley's letter that we could have the funds released within a reasonable period of time.

Ms. TURNER. Thirty days.

Mr. WOLF. Excuse me.

Ms. TURNER. Thirty days.

Mr. **Stanley**. If I do not hear from the Board in two weeks

Mr. **Wolf**. Well, that is a good question. How soon do you think that Mr. Stanley might hear from the Board?

We want to keep good relationships between the two of you. I think that both of you make an important couple. I understand that both of you are from New Jersey and I think you should do this in the spirit of reconciliation. I think this way we can have a greater opportunity to finish what we want to do than if there is any antagonism. I think that Mr. Stanley makes a good point, that the Board should get it there in a timely manner. He has been forthright in saying that if the agreement came, he would act on it in 30 days. So I think it would be helpful if the Board did get it to him as quickly as possible.

Ms. **Turner**. We will make every effort to do that.

Mr. **Wolf**. Okay. And Mr. Chairman, I will submit a few others for the record.

Mr. **Lehman**. Thank you, Mr. Wolf.

Questions Submitted for the Record by the Honorable Frank Wolf

LIGHT RAIL SYSTEM

Mr. **Wolf**. Mr. Stanley, I want to commend you for the fine work that UMTA did in conducting a study of various rail alternatives to link the West Falls Church Metrorail station and Washington Dulles Airport. The study and report were mandated by my legislation last year to examine the feasibility of a rail link in the Dulles corridor and determine the benefits of such a system for airport users as well as commuters in this area which is experiencing high levels of traffic congestion.

A light rail system in this corridor was determined by the study to be feasible. What are your comments regarding a public/private partnership in establishing such a light rail system?

[The information follows:]

Public/private partnerships offer an excellent opportunity to lower the cost to local governments of constructing and operating fixed guideway systems. Partnerships such as that considered in the Dulles study complement the Administration's effort to increase competition in the provision of bus services. The public/private partnership approach offers the benefit of competition to the provision of rail services. The Dulles study found that substantial savings were available to a private operator. The Dulles study has prompted a number of other proposals for a similar approach. UMTA recently made a grant to the New York City Planning Commission to consider a rail line on the westside of New York that would be financed through private sources.

The findings of the Dulles study have been confirmed by the private sector. The Dulles Access Rapid Trasnit Corporation did a study that found costs would be similar while ridership would be higher. They are apparently interested in pursuing a proposal to build a system in the corridor. The Administration urges local governments to seriously consider such proposals.

DEDICATED LOCAL FUNDING

Mr. **Wolf**. Please provide for the record, a list of urban mass transportation systems in the United States that have dedicated local funding sources for rehabilitation and replacement costs.

[The information follows:]

No urban area that we are aware of has a source of funding exclusively dedicated to transit system rehabilitation and replacement. New York has an extensive capital program almost entirely used for rehabilitation and replacement that comes from a number of funding sources which are dedicated for transit capital use. However, there is a no legal stricture that bars their use for other purposes (e.g., new facilities).

Many areas have dedicated sources of funds which may be used for any transit expense, including new equipment and facilities, operating deficits, and rehabilitation and replacement. These areas include Atlanta, Houston, Dallas, Seattle, Chicago and Los Angeles.

TRANSIT DEPENDENCY ON THE GREEN LINE

Mr. LEHMAN. Mr. Hoyer?

Mr. HOYER. Thank you very much, Mr. Chairman.

Let me thank you for allowing me to participate in this Committee. I feel constrained to thank Mr. Stanley, but I would be in violation of the rules, I think, to be a member of this Subcommittee, as well, because there are three other Subcommittees. You just think that I am a member of this Subcommittee.

Mr. STANLEY. I think that you are a whole Committee.

Mr. HOYER. And the Chairman and the Ranking Member have been very tolerant of my participation and I want to thank them both. You have been very kind.

First of all, I would like to pick up just two specifics. Number one, in your February 5th letter, you referred to the fact that you and the President, agree with the letter that WMATA sent to the President with reference to the Inner-Green.

Your review, of course, of the letter has shown you what WMATA wrote about the Green Line which runs from Greenbelt to Branch Avenue.

I think that is an important point, because I understand what you are saying. We believe, as well, that the Inner Green is very important, but am I correct that the letter actually that the WMATA Board sent to the President dealt with the entire Green Line as being the transit dependent line, which includes the Inner Green.

Mr. STANLEY. Exactly, and the most transit dependent part of the Green Line is the Inner Green Line.

Mr. HOYER. I do not want to quibble, but the Green Line, itself, you testified in 1984 was one of the most transit dependent lines in the system.

Mr. STANLEY. On the Green Line are the most transit dependent parts of the system. There are parts in the extremeties that I would not describe as the most cost-effective when the system is finished, but it does include the most transit dependent parts.

STABLE AND RELIABLE FUNDING SOURCE

Mr. HOYER. Now, with respect to the stable and reliable funding requirements, am I correct that presently there exists a stable and reliable funding source, presently?

Mr. STANLEY. I would say what I said a little bit earlier, that the finding which is now four years old, and I was there, when we developed it, had two major factors which are presently in place. One, which was not considered at the time, was the additional $2 billion cost to complete the system.

And the other was the new found cost of replacement and rehabilitation, which I would say contrary to what has been said today, this is not the first system to have done this. This is the very process New York, Chicago, Philadelphia, we have gone through for all the old rail systems in New York, Philadelphia and Cleveland and in new systems, San Diego, has a depreciation account, required by law. They do that in California for that system. And it is not unprecedented. It is, in my view, alarmingly late. But I would say, if I were asked today, Mr. Hoyer, if there were stable and reliable funding sources, to meet the total transit costs to complete the now 103 mile system, I would have to say we would have to look at that again. There are no identified funding sources for either the final 13 miles or rehabilitation and replacement. Although, WMATA may set up an account, where is the money to come from?

Mr. HOYER. Has the region ever missed any payments?

Mr. STANLEY. No, they have not missed a payment. And again, we could not make a grant if they did.

Mr. HOYER. Would it be fair to state that there are a few jurisdictions in the United States of America that could come up with funding sources prior to—that is additional taxes, which is really what we are talking about—prior to the actual need to expend those funds?

Mr. STANLEY. I think that the trend in the last three years has been to the contrary. Houston, Atlanta, Dallas, Los Angeles, Seattle, have come up with substantial long-term dedicated local funding sources, well in advance of construction.

Houston has come up with a dedicated county-wide funding source and has yet to choose a system. They have got $300 million in the bank. And Miami set up a special assessment district prior to constructing the people mover.

And that is the thing, as a resident of the area, that alarms me about the financial underpinning of the system. I do not quibble with the support, the popularity, all the assets of Metro. I do take issue with the financing sources, which are, in my view, very uncertain, presently.

Mr. HOYER. But I understand, having said that, that that does not affect—and this is what I am trying to get at, because a finding has been made, that finding has not been changed—it does not affect 1985 and 1986 funds?

Mr. STANLEY. No. There are adequate funds to match those grants.

Mr. HOYER. That was the point that I was trying to make.

Nor, would it affect appropriations made in 1987, being released?

Mr. STANLEY. What appropriations in 1987?

There were appropriations in 1987?

Mr. HOYER. When there are appropriations in 1987.

Mr. STANLEY. In our current budget, I can say with real assurance that WMATA has the funds to match what we have recommended for 1987

Mr. HOYER. We are never going to get to agreement with very fine language however.

Mr. STANLEY. Well, again, even under ICCA-IV, are there adequate local sources to match what has been anticipated? Yes.

But that is not a choice that the region has, it is a statutory requirement.

Mr. HOYER. And you made a finding that they had that ability? You, being DOT.

Mr. STANLEY. Stable and reliable focus was on operating costs.

I agree with what you are saying. Do I think next year, if there was an appropriation on the level that is even in the Senate Budget Resolution, would there be funds to match it? Yes.

Stable and reliable went to operating costs and stable and reliable did not cover what is, at least, over the next 14 years, equal to the new construction costs required which is $1.6 billion in rehabilitation.

Ms. **Turner**. The Interim Capital Contributions Agreement, which is a contract within the region, does commit the local share to match the Federal grant. And that commitment goes through the balance of the Stark-Harris authorization and uses appropriation levels based upon guidance from the Administration. So we have all been a part of this process and the jurisdictions have signed a binding contract to say that if the federal funds are forthcoming, the local share will be there.

Mr. **Hoyer**. The point I wanted to get at—I agree with you and I think that I agree with Frank's comments and I think that we all agree that the point that you raise is a valid point and we must do it.

The point that I wanted to make, though, is that this does not affect, as I understand it, our schematic for 1985, 1986, 1987, funds if they should be available, is that correct?

Mr. **Stanley**. The ICCA-IV, no. There is a binding contract on the region to match the grants.

Mr. **Hoyer**. So that part of the testimony, while important, I do not want to dilute the importance of it, would not impact on your decisions as to whether to release funds for 1985, 1986, and 1987?

Mr. **Stanley**. No, it is irrelevant to that in the event that there are appropriations.

RELEASE OF FY 1985 AND 1986 FUNDS

Mr. **Hoyer**. OK.

Now, you indicate that in the event that the region agrees on the amended ICCA-IV amendment, agrees to that, that you can, within 30 days, release 1985 and 1986 funds?

Mr. **Stanley**. I got the Board-adopted resolution Monday and read it Monday night. Based on what I see there, and excusing any jurisdictional requests to amend it, I would say in principle, yes. I would like to take the time, as are the jurisdictions, since we are concurrently reviewing it, to examine the construction cost estimates and funds sources, but my gut reaction after reading it, was, yes.

Mr. **Hoyer**. In the event that happens, and Mr. Chairman, I am trying to wrap it up, in the event that that happens, and the Congress sees fit to appropriate 1987 funds, would it be fair to expect that those could be released relatively contemporaneous to their appropriation, which may be in October 1, optimistically, or it may be December 1, or January 1, whenever those funds are appropriated?

Based upon prior approval of this plan, contingent only upon the appropriation of those funds?

Mr. **Stanley**. This plan covers 1985 and 1986 money. It really depends on two things—what is the amount, if any, in 1987, and if it is consistent with the principles in the February 5th letter. These were the principles in the full funding contract, these were the principles testified to today, which are namely, that the construction chosen in Fiscal Year 1987, matches the appropriated amounts of money and, results in operable segments. I do not think that this Committee, nor I can predict what, if any, that level of appropriations will be. But if I get a Fiscal Year 1987 plan for what is anticipated or hoped for by WMATA and indeed, the appropriations level, if signed, by the President is less than that, I think that we would have to adjust the sequence of construction to whatever that amount of money is.

Mr. HOYER. What I am asking, and this will be my final question, can we, and this is key, as you and I have discussed, arrive at an agreement within that same time frame, the same time frame that is within this 30 days, which will provide for an understanding by the region and UMTA that presuming appropriations and contingent only upon appropriations, the region can proceed on a schedule of construction consistent with what you have just outlined.

Mr. STANLEY. Sure. The great missing element in that is the amount of appropriations and I cannot agree to a plan presuming an appropriation level of $275 or $250 million.

Mr. HOYER. I am not asking you to presume the amount in the agreement. What I am saying is, contingent upon appropriations, whatever those levels may be, if they are $50 million or $75 million or $350 million.

Mr. STANLEY. We would buy $50 or $75 or $350 million worth of operable segments.

Mr. HOYER. OK, and contingent only upon that. What I am saying is, and finally again, this is my fourth final question, can we reach agreement of how that is to be done prior to the time that we appropriate it, so that when it is appropriated and the region can be confident that when it is appropriated, that we will move ahead? Because as you well know, and Mr. Chairman, you know, when one of the concerns is that we cannot plan if we do not know that we are going to get the money.

Mr. STANLEY. Right

Mr. HOYER. But if we reach a plan, and this is the plan and the only contingency is Congress and the President signing the bill which appropriates the money, then we move ahead.

Mr. STANLEY All we have to do is to take the contract, I hope we will agree to in the two weeks or six weeks upon reviewing the Board action, make an amendment to that contract and say, here is an amendment for Fiscal Year 1987, whose appropriation was blank. That appropriation we both agree can result in construction of the following segments. It is very easy to do and if it would only be contingent on that, certainly. We would amend that contract.

Mr. HOYER. We will pursue it further. Thank you very much, Mr. Chairman.

RECESS

Mr. LEHMAN. Thank you, Mr. Hoyer.

To deal with the time constraints we have now, I propose that we adjourn now and come back at say, 1:45, which is an hour and ten minutes from now. We have about 45 minutes of additional questioning, depending on how many more members come or how many votes there are.

How would that fit in with your schedules?

Mr. **Stanley**. That would be fine.

Ms. **Turner**. That is fine.

Mr. **Lehman**. The Committee will now recess and we will reconvene at 1:45 p.m.

Afternoon Session

UNOBLIGATED BALANCES

Mr. **Lehman**. The Subcommittee will come to order.

Ms. Turner, what was your unobligated balance as of December 31, 1985?

[The information follows:]

The unobligated balance for the rail construction program was $327 million as of December 31, 1985.

Mr. **Lehman**. Mr. Stanley, do your figures agree with those of Ms. Turner?

[The information follows:]

UMTA does not carry an independent set of accounting records to determine grantee unobligated balances. However, the WMATA finance department issues a quarterly report which identifies an unobligated and uncommitted balance of $327,686,254 as of December 31, 1985. We are waiting for WMATA to submit an analysis of and rationale for carrying such a large unobligated and uncommitted balance.

FY 1986 AND 1987 CARRYOVER FUNDS

Mr. **Lehman**. Ms. Turner, in last year's hearing record you provided a breakdown of funds carried over in fiscal year 1985 and estimated for fiscal year 1986. Please provide similar information for fiscal years 1986 and 1987.

[The information follows:]

The unencumbered balances, as of March 1, 1985, were $418.6 million. Since that time, WMATA has made substantial progress in obligating scheduled projects within the Metrorail Capital Program. The current balance after one year is $295.5 million. This includes all Rail Construction monies made available to WMATA since the first construction effort.

To date, the funded construction effort has reached a total dollar value of over $5.5 billion of which more that $1.4 billion represents current activities. Thus, an unencumbered current level of $295.5 million is not unreasonable in a program of this magnitude and it is logical that nearly 30% of this total is set aside to deal with modifications, residual claims and closeouts.

The following categories describe in a general manner the kind of activities awaiting obligation.

Modification/Claims/Closeouts	$62.5
Real Estate	84.7
Awaiting Obligation (Construction Projects, Equipment) Forest Glen Park-4.0; Commuter Rail Project-220.0; Metro Supply Facility-4.6; Equipment-3.3, etc.	64.5
Design for Future Stations	17.0
Insurance Money Awaiting Transfer to Joint Reserve	21.9
Contingency	44.9
Total	295.5

About $50 million of this total will be obligated by July 1 leaving an unobligated balance of $245.5 million at the start of FY 1987. It should also be pointed out that approximately $120 million of the total represents work and contingencies which have been committed in support of a revised Rail Construction Program which is associated with work beyond the 89 miles of system. These monies have been designated to meet the UMTA Administrator's requirement for operable segments from our FY 85 and FY 86 appropriations. This program is now being reviewed by the jurisdictions for formal approval.

REGIONAL TAX

Mr. LEHMAN. Ms. Turner, last year you indicated that you had received mixed reactions from the local jurisdictions on the issue of a regional tax and that no decisions had been made with respect to a dedicated funding source for Metro construction. This year, for the first time, you are faced with a budget request by the administration for no new federal funding.

Has the Board addressed the issue of alternative funding sources either to minimize any construction delay while you are negotiating with UMTA, or to complete the 89.5 mile system in the event that no additional federal funds are provided?

[The information follows:]

The WMATA Board has not addressed further the issue of regional tax. Efforts of two years ago received mixed reactions from the jurisdictions in the region; and while the Authority is still interested in some form of dedicated funding source for the long term, the Board does not plan to revisit this issue in the near future. It is important to emphasize that the Washington region did achieve and has maintained the stable and reliable funding required in the Stark/Harris legislation. This was certified by Secretary Lewis in August 1982.

The Board has proposed a program to the local jurisdictions that, if approved by all parties, would provide a local commitment for a one-year acceleration of the local match funds set out in the Fourth Interim Capital Contributions Agreement (ICCA-IV) for FY 1987, FY 1988 and FY 1989. This approach is designed to help mitigate the impact of delays in UMTA grant approvals, and Federal appropriations as set out in ICCA-IV using the Administration's guidelines.

Mr. LEHMAN. Ms. Turner, last year you indicated that the task force that was set up by the Metro Board to look at the feasibility of a regional tax had not come up with any specific recommendations for a dedicated source of funding. Has the task force concluded its work and issued a report yet?

What can you tell us about its findings and recommendations with respect to a dedicated source of funding?

[The information follows:]

The Board has taken no further action on the regional tax issue.

INCREASE IN LOCAL MATCH

Mr. LEHMAN. Ms. Turner, in their budget justification, UMTA reiterates its position that they intend to "attempt to increase the local share of costs of construction on all remaining grants from the Stark-Harris authorization."

I believe that the issue of an increased local share was to have been addressed during your negotiations for UMTA's approval of the 89.5-mile system plan.

Given the current climate of federal fiscal restraints, do you believe the local jurisdictions should assume greater financial responsibility for Metro construction?

Also, do you believe, as Mr. Stanley does, that the local jurisdictions can afford a substantially higher local share?

Ms. TURNER. Mr. Chairman, the Interim Capital Contributions Agreement is based on an 80/20 local share and certainly we believe that the ratio should continue through the balance of Stark-Harris.

As we look to the future, in terms of how we build the rest of the system, we clearly want to take into consideration possible changes in the existing financial contributions.

Mr. **Lehman**. Ms. Turner, is your estimate of an 89.5 mile system that could be constructed with the balance of the Stark-Harris authorization still valid at this time?

How many additional miles could you construct if the local share were increased to 40 or 50 percent, for example?

Ms. **Turner**. We believe that if the local share was increased to 40 percent, we could build about 15 percent more of the system and if it was increased to 50 percent, we could build about 27 percent more of the system.

Mr. **Lehman**. Is your estimate of the 89.5-mile system that could be constructed with the balance of the Stark-Harris authorization still valid?

Ms. **Turner**. Yes, absolutely

Mr. **Lehman**. And Mr. Stanley, do you agree?

Mr. **Stanley**. Yes, we do.

COST TO COMPLETE THE SYSTEM

Mr. **Lehman**. Ms. Turner, what is your most current estimate of the total cost to complete the Metrorail system, how much of that is beyond the Stark-Harris authorization, and what is the total mileage—101, 103, or 104 miles?

Ms. **Turner**. Our estimate now for the total cost of the construction is $9.4 billion. Of that, $2 billion is beyond the Stark-Harris authorization and the total mileage for the system is 103 miles.

Mr. **Stanley**. I think in terms of the overall cost in Federal and local funding it is about $12.5 billion. In terms of the cost associated with the system we measure it at 104 miles. We think that can be completed in that amount.

Ms. **Turner**. Mr. Chairman, I would like to point out that when Mr. Stanley refers to a total cost of $12 billion, he includes the interest on the bond payments. We have not included that as a part of our construction estimate.

Mr. **Stanley**. If I could just comment on that, we are including that. The bonds were issued and the interest and principal are being paid. The proceeds from the bonds were applied to construction costs and I would differ with WMATA in the sense that I think it is analogous to saying that the cost of purchasing a house is equal to the downpayment and if I could exclude the interest payments on the mortgage, the cost would be somewhat different.

But I cannot understand the rationale for excluding the interest payments on the bonds, which as I indicated earlier, are a substantial Federal commitment as well as a local commitment which have been dedicated to construction costs.

Ms. **Turner**. We are not suggesting in any way that there is not an interest payment on the bonds. We do have two accounts. One deals with our estimated cost of actual construction and the other is the payment on the bonds. Indeed, our request does ask for an additional $51 million for bond interest. But we think that those two numbers should be separated.

COST OF WMATA BONDS

Mr. **Lehman**. On page 42 of their budget justification UMTA includes a table that shows their estimate of the total outstanding federal and local costs for interest payments and the principal payment for Metro's guaranteed construction bonds. I will insert this table in the record at this point.

[The material referred to follows:]

Table 1.—*Federal funds for the construction of the Washington Metropolitan Area Transit Authority [WMATA] subway system*

	Millions
Funds appropriated thru fiscal year 1986:	
Direct appropriations before Stark-Harris	$1,147.0
Elderly and handicapped facilities	52.0
Arlington Cemetery Station add-on	7.4
Federal-aid urban systems funds	28.5
Interstate transfer—transit	2,155.7
Interest payments on guaranteed bonds	509.0
Stark-Harris authorization ($1.7 billion)	957.2
Total, funds appropriated	4,856.4
Funds not yet appropriated, but needed to meet current federal obligations:	
Interest payments on guaranteed bonds	[1] 1,421.1
Principal payment on guaranteed bonds	664.7
Total, additional funds needed to meet current Federal obligations	2,085.8
Funds not yet appropriated, but needed to complete 103-mile system:	
Remaining Stark-Harris authorization ($1.7 billion)	742.8
New authorization required (WMATA estimate)	[2] 1,620.8
Total, additional Federal funds needed to complete 103-mile system	2,363.6
Total, Federal cost	9,305.8
Local funds:	
Principal payment on guaranteed bonds	332.4
Interest payments on guaranteed bonds	[1] 710.6
Matching payments for Federal funds	[1] 2,144.4
Matching bond sales	48.5
Total, local funds	3,235.9
Estimated grand total system cost	12,541.7

[1] Estimate.

[2] WMATA estimates that another $2.026 billion is needed to complete the full 103-mile system and that estimate includes the Branch Ave. realignment/extension. Absent additional local funding, it has been assumed that the present 80/20 matching ratio is maintained for purposes of calculating future Federal liability.

Mr. **Lehman**. Ms. Turner, do you agree that these total cost figures for future interest and principal payments are correct?

[The information follows:]

WMATA's estimates vary slightly from UMTA's for the federal payments, but there are significant differences in the local interest cost estimates. The WMATA estimates are:

WMATA DEBT SERVICE COST OVER 40 YEARS

[In millions of dollars]

	Interest	Principal	Total	UMTA estimate
Capitalized	233		233	
Internally generated funds	40	279	319	
Federal	1,888	665	2,553	2,595
Local (net)	872	53	925	1,042
Total	3,033	997	4,030	3,637

The difference between the UMTA and WMATA estimate for federal interest cost is about $40 million. This is probably attributable to the federal advances for bond interest borrowed by the Authority in fiscal years 1980-1982. UMTA has shown these advances as a Federal expense, even though the Authority has repaid about $29 million of these advances with interest. The remaining $11 million will be repaid by the due date of January 2, 1993.

VALUE CAPTURE REVENUES

Mr. LEHMAN. The UMTA budget justification also indicates that UMTA ~~will~~ "attempt to have WMATA recapture at least part of the value generated for private businesses by Metrorail construction."

Mr. Stanley, first, what kind of value capture mechanism would you suggest and what is your estimate of the revenue that could be generated?

Second, do any of the other modal administrations consider value capture as a "guideline" in their grant approval process?

If not, why should such a guideline be unique to UMTA's project administration?

Mr. STANLEY. There are a number of value capture mechanisms that we have suggested to WMATA and other transit authorities. They range from special benefit assessment districts which have been adopted in Los Angeles, to special assessment districts, which Miami has adopted successfully, to recapture value through incremental property taxes which are being explored in other areas.

There are a number of mechanisms. We have encouraged WMATA to explore them by way of just an illustration—I have often seen the statement that WMATA construction has resulted in approximately $3 billion in development at or around Metro stations. If you take a look at the average property tax in the area and assume that that development was induced by WMATA, if one-half of those real estate revenues were combined with a special benefit tax, akin to what it is in Miami, and several joint development projects which have not occurred, we project that WMATA could generate about a $45 million a year revenue stream. In terms of today's interest rates, if that were projected over time, could leverage up to about half a billion dollars worth of bonds.

To date, the amount on joint development that WMATA has in its 1987 budget, is only about $4 million. Other modal administrations—and we do not require or put as a guideline, for grant approval—suggest that value recapture be adopted. We have suggested it, as a way to generate the much needed local revenues for this system.

FRA, Amtrak and other modes, have been very, very creative in terms of recapturing value at train stations. Airports fund substantial parts of their service and operations through concessions and value recapture for projects like parking.

We are not requiring it. I do not think that it is unique to UMTA's project administration. I would say this though, given the statements of the economic development that this transit system is to have spurred or induced in this region, I think that it is critical that part of that economic development, that value, if indeed, the $3 billion figure is related to Metrorail construction, be recaptured.

What is happening is those property taxes are going to local jurisdictions and not to the transit authority and I would encourage WMATA to look at systems like the one that was privately built in Hong Kong which funds about 20 percent of its revenues from joint development and value recapture deals. And has been actually making a profit.

But there are substantial resources in terms of value recapture that I would say, simply have not been maximized by the transit authority.

Mr. LEHMAN. Is there a reason to make these kinds of mechanisms retroactive now? It is almost like locking the barn door after the horse is stolen or such.

Mr. STANLEY. I think that you are right, Mr. Chairman. It is very difficult, in my view, to go to developers who have benefitted substantially from development near Metro stations and after the fact, ask them to begin to pay either the incremental property——

Mr. LEHMAN. Or to ask Montgomery County to take the incremental tax benefits from White Flint and give it to Metro for revenue.

Mr. STANLEY. I think it is hard to do after the fact. It is something that we are encouraging—and I will talk about it a little this afternoon—transit authorities to do at the outset of the planning, because if the economic development is one of the reasons that the project is being built and there is a justification that has been used for a decade, we are saying that it is not the purpose of the federal government to underwrite real estate speculation here, in Washington, or in other areas.

If that value is out there, when you plan the project and design it and do the zoning associated with it, then you should recapture some of that value.

Mr. LEHMAN. It is a windfall.

Mr. STANLEY. It is a windfall. And as I said in my statement, I bought a house near a Metro station six years ago and if someone had come to me at the time and said, when you resell the house, part of that appreciation will be recaptured to Metro, I would have agreed in a minute. The reason being one of the reasons for the purchase, which most people in this region have speculated on, was the increased land value associated with the transit system.

Very little, if any of that, goes back to help fund the costs that we talked about this morning.

Mr. LEHMAN. With regard to this special tax situation that you mentioned, is it better than the incremental tax increase type of value recapture?

Mr. **Stanley**. I think the special assessment districts more directly relate the value created by the station in the footprint of the station to the beneficiaries.

I think incremental property taxes are almost equally helpful because if the property value does not go up you do not pay, and if it does go up, part of the increment is recaptured by the transit system.

Mr. **Lehman**. Ms. Turner?

Ms. **Turner**. Mr. Chairman, I believe that we have been as aggressive as we possibly can be within the given UMTA regulations and the state and federal laws that we have to operate under.

I agree that if we were now just starting a new project, as a condition of that project, we might be able to——

Mr. **Lehman**. If you had a time machine, you would be in good shape.

Ms. **Turner**. That is right.

JOINT DEVELOPMENT PROGRAM

Mr. **Lehman**. Ms. Turner, according to one newspaper account last October a private auditing firm completed a review of Metro's development program. Although, according to the article, the auditing firm praised your development program, they also cited several flaws and provided recommendations to address the weaknesses they found.

What specific weaknesses in your development program were cited in the audit report, and what recommendations were made?

Have the recommendations been implemented yet, and if not, why not?

Ms. **Turner**. The auditing firm made a number of recommendations concerning our internal procedures and our joint development process.

They found that we did not have a formal comprehensive joint development policy, while in practice we were moving forward with a set of ad hoc procedures. They recommended that the process be set out in some comprehensive way. They also recommended that we prepare and disseminate a procedure guide and a routinely updated list of all joint development sites.

All of that is going to our Budget Committee this Thursday and to the full Board the following week.

Mr. **Lehman**. Mr. Stanley?

Mr. **Stanley**. Again, we have reviewed the report. I would hope that the Metro Board would adopt a joint development policy. What happens the way that Metro is structured in my view, is that there is a chasm between their ability to control development around stations and the local jurisdictions, which control the zoning and development patterns.

I think that if there is a development policy by the Board, the implementation, the critical implementation would be with the local jurisdictions.

And, all too often, in my view, stations are built and construction is finished and then through no fault of the Board at Metro, development gets debated, which is what you see occurring on the

Orange Line right now, in several of the communities along the line.

Mr. LEHMAN. Ms. Turner, what revenues did you receive from joint development projects in fiscal year 1985, and what do you estimate for fiscal years 1986 and 1987?

[The information follows:]

Revenues from joint development and System Interface Projects for Fiscal Years 1985 through 1987 are:

	Millions
1985	$2.0
1986	2.8
1987	3.6

FY 1987 METRO FUNDING LEVEL

Mr. LEHMAN. Mr. Stanley, according to local news reports, you believe Congress will provide funding for fiscal year 1987 for additional Metro construction, despite opposition from the White House.

In fact, the Senate Budget Committee recently voted to reject the Administration's mass transit proposals and to allocate $217.2 million for Metro construction for fiscal year 1987, the same level as the current appropriation after the Gramm-Rudman-Hollings cut.

What is your opinion of this level of funding for Metro construction in the context of Congress providing funds for other new start projects?

Mr. STANLEY. I am going to be very careful about answering this question. I was asked in a hearing just a couple of weeks ago, if I personally thought that there may be Senate appropriations above zero in context of the Senate Budget Resolution and what I deemed to be the support in the Appropriations Subcommittees, my answer was yes.

What the level would be, I cannot determine and I would emphatically say that my recommendations, support and effort in the next few months will be to continue a budget level of zero.

I think that the level adopted in the Senate Budget Resolution, which has been rejected by the Administration is far in excess of what Metro would deserve particularly when you compare it to the demands from other systems.

If I could just clarify some of the comments this morning, when Mr. Hoyer was here.

With regard to the proposal on the prior year's funding, the one thing that I want to make absolutely clear, is that that proposal was given to me by the staff at Metro on Monday, as I indicated. Until a Board action is taken, I do not want to be in a situation, as I was with regard to the 89 mile plan, particularly with regard to press reports of my reaction of supporting it. It appears to meet the strictures in our letter.

I would simply like the time to analyze that report and neither UMTA nor the Administration should, can or will comment on support or otherwise, until the Board is formally active. I have had difficulties in the past when I have reacted to something I have gotten from the staff, which is either changed, not adopted or altered by the Board subsequently. Just to clarify it, until I get a formal Board reaction, I am not prepared to comment further on the plan. I am eager to meet with them, I have not for the two months since I requested it, but there are a number of questions with regard to the plan that both the Board and we might have.

And I just want to make clear my reaction to that is predicated on several things—the first step is the Board's adoption. I will work concurrently with them to review it.

UMTA PROGRAM REVIEW

Ms. **Turner**. Mr. Chairman, I would like to submit Mr. Stanley's letter of April 2nd for the record. In that letter he points out, and I would like to quote, "I will reserve final judgment on this staff recommendation until the Board and member jurisdictions have had an adequate opportunity to review it and until final approval to a plan is given by the Board. However, and this was his initiative, I wanted to take this opportunity to inform you that, based on UMTA's preliminary review, it appears that the WMATA staff has assembled a plan which meets the guidance outlined in my February 5th, 1986 letter to you. Let me assure you, therefore, that should the Board adopt this plan, or a similar plan, which meets the February 5th guidance, I will be prepared to resume our full funding contract negotiations which will result in release of all available Federal funds which have been appropriated for Metrorail construction."

[The letter referred to follows:]

US Department
of Transportation
**Urban Mass
Transportation
Administration**

The Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

APR 2 [illegible]

Mr. Cleatus E. Barnett
Chairman
Board of Directors
Washington Metropolitan Area
  Transportation Authority
600 Fifth Street, N.W.
Washington, D.C. 20001

Dear Mr. Barnett:

I have had the opportunity to review the "Proposed Rail Construction Program" submitted for the review of the WMATA Board by your staff on March 27, 1986.

In my judgement, this proposal represents an honest, good faith effort by the WMATA staff to structure the WMATA construction program in a way that ensures that scarce available Federal resources are used to complete construction of operable segments or useable facilities. It is this requirement to build operable segments with available funds which I, as UMTA Administrator, have been trying to impress upon the WMATA Board over the last few years.

I will reserve final judgement on the staff recommendation until the Board and member jurisdictions have had an adequate opportunity to review it and until final approval to a plan is given by the Board. However, I wanted to take this opportunity to inform you that, based on UMTA's preliminary review, it appears that the WMATA staff has assembled a plan which meets the guidance outlined in my February 5, 1986 letter to you.

Let me assure you, therefore, that should the Board adopt this plan, or a similar one which meets the February 5 guidance, I will be prepared to resume our full funding contract negotiations which will result in release of all available Federal funds which have been appropriated for Metrorail construction.

I share the view expressed by the WMATA Board in its January 9, 1986, letter to President Reagan that construction of the inner Green Line is critical to the mobility needs of the citizens of this region. I urge the WMATA Board to adopt expeditiously a plan similar to that recommended by the staff on March 27, 1986 because such a plan will ensure that this important segment of the system will be completed and that the remainder of available Federal resources will be used to construct operable segments.

I look forward to Board action in the near future.

Sincerely,

Ralph L. Stanley

Mr. **Stanley**. I stand by the letter and I would like to have that submitted to the Washington Post, the Washington Times and the rest of the press corps in the back, because as I said, there will be no adoption consideration principal. The Board plan that I got Monday does appear to meet the principles that we outlined in the letter. However, it could be amended, changed or additional conditions added. I heard this morning for the first time that letters of no prejudice is now part of the hope of WMATA staff.

But, as I said, I reserve any kind of final judgment on that until the Board acts and we have reviewed the plan.

Mr. **Lehman**. I am a little confused because you say that you are opposed to any funding for 1987.

Mr. **Stanley**. Absolutely.

Mr. **Lehman**. And the Senate's recommendation is $217.2 million so I would assume that you would be opposed to that level of funding?

Mr. **Stanley**. We are opposed to that level of funding and the Administration's position is zero. I think that $217.2 million is far in excess, particularly compared to other transit projects. It is outside the budget, and as I said, I was asked personally whether I thought that the Congress, as a result of their deliberations, would appropriate some money for Metro.

Personally, I think that the answer is——

Mr. **Lehman**. There is nothing that is for sure.

Mr. **Stanley**. That is true.

UMTA AND DOT BUDGET SUBMISSIONS FOR METRO

Mr. **Lehman**. I believe the Department's budget submission to OMB included funding for Metro construction. What was the initial fiscal year 1987 budget request for Metro you submitted to OST, and what was the level requested by the Secretary in her submission to OMB?

[The information follows:]

The UMTA budget submission to OST contained a request of $187.5 million for Washington Metro in FY 1987. The budget submission to OMB requested a funding level of $212.5 million.

Mr. **Lehman**. What was the basis for your original budget request to OST and for the adjustments made by OST? Were both requests based on estimates of the cost to complete operable segments?

If so, which segments and what are the associated costs?

[The information follows:]

The UMTA budget submission to OST was based on the Senate FY 1986 Budget resolution, which called for a 25 percent across-the-board cut from the FY 1985 level of $250 million. The budget request to OMB was based on the FY 1986 concurrent budget resolution that called for a 15 percent across-the-board reduction of the FY 1985 appropriations level.

Mr. **Lehman**. Ms. Turner, do you have any problems with the budget assumptions used as the basis for the OST submission to OMB, and would you support funding at the level originally proposed by the Secretary in her fiscal year 1987 budget submission to OMB?

[The information follows:]

We are pleased that the Secretary of Transportation recommended a budget level for WMATA of $212.5 million. The Authority is requesting a $250 million appropriation, $25 million below the ICCA-IV program level. This request will sustain the construction program while recognizing constraints to hold down the Federal Budget.

FEDERAL CITY COUNCIL STUDY

Mr. LEHMAN. The Federal City Council, a non-profit business and civic organization, recently released the results of a 9-month study of the long-term costs associated with the Washington Metrorail and Metrobus transit system.

According to this study, Metro's total annual costs—including the operating deficit; rail construction, rehabilitation and replacement; and debt service on WMATA's bonds—are projected to more than double from $272.4 million this year to $596.4 million in 1993.

Rehabilitation and replacement costs alone are estimated to quadruple, rising from $41.8 million in 1986 to $157.5 million by the year 2000.

Ms. Turner, would you please comment on the results of this study—what is your opinion of the estimates of ridership, revenues and costs?

[The information follows:]

WMATA strongly supported the Federal City Council Study and is in general agreement with the findings. The cost forecasts are closely in line with the Authority's own forecasts, while the ridership and revenue forecasts are about ten percent below the WMATA estimate.

REHABILITATION AND REPLACEMENT FINANCING ALTERNATIVES

Mr. LEHMAN. These costs, estimated to reach half a billion dollars annually in just seven years, are staggering.

What financial alternatives are being considered by the Board to pay for these expenses, and have any new financing mechanisms been put in place yet?

[The information follows:]

The study looked at future rehabilitation and replacement costs for both the bus and rail systems. Maintenance has always been a high priority with the Authority, as reflected in the quality of the service that is provided, but equipment will need to be replaced in future years and the physical plant will need to be rehabilitated. The study estimated that by the early 1990's, $113 million will be required annually and $157 million by the year 2000 (in 1986 constant dollars). This compares to approximately $42 million that is being spent on rehabilitation and replacement today.

The WMATA Board is considering a plan to finance a depreciation reserve. The Board has been concerned about the unfunded depreciation account for some time and has requested a study to be completed in October 1986. In the interim, the Board has taken a major step in approving the establishment of a $15 million depreciation reserve. In addition to this, it is believed that WMATA will be eligible for UMTA rail modernization funds. Between these two sources of funds, the Authority will be able to maintain the high reliability standard of the rail system at an affordable price to the region.

UMTA COMMENTS ON FCC STUDY

Mr. LEHMAN. Mr. Stanley, would you comment on the results of the Federal City Council study? Do your estimates of ridership, revenues and costs agree with those of the Federal City Council?

[The information follows:]

We believe that the Federal City Council (FCC) did an outstanding job in their recent study of Washington transit finance. Key factors in the success of this effort were the objectivity, dedication and professionalism of the FCC staff and the enthusiastic participation by representatives of the business and professional community, state and local governments and regional organizations such as the Washington Council of Governments (COG) and the Washington Metropolitan Area Transit Authority (WMATA). The financial information generated by the FCC study provides an objective basis for prudent financial planning by interested parties at all levels of government.

In recent days, there has been some criticism of the long range patronage forecasts which were generated as a by-product of the FCC study. Some people believe, based on rail ridership over the past several months, that they may be too low. Our position is that first, in a financial planning effort, it is better to err on the side of conservatism rather than be optimistic as has been the case for virtually every other WMATA finance study. Second, based on WMATA's own forecasts for the early nineties and professional judgment of UMTA and other transportation planners, if the rail ridership forecasts for 1993 and 2000 are low, they are low by only 10–15%. The ultimate impact of such a difference on the future net total (operating, construction and rehabilitation) costs that must be borne by state and local governments would be less than 5%, or substantially less than the potential impact of a 10–15% off-setting error in the cost estimates.

Finally, it should be recognized that the FCC patronage and cost forecasts cannot help but be a better basis for future financial (and transportation) planning than the estimates produced during the seventies have already proven to be. Even if future WMATA rail patronage turns out to be 15% higher than that reflected in the FCC revenue forecasts, it will still be over 35% below ridership forecasts made during the seventies. The implications of this are that previously unforeseen costs will have to be borne to provide transit and highways for unforeseen intra suburban mobility requirements which Metro rail cannot address.

UMTA RECOMMENDATIONS ON FINANCING METRO COSTS

Mr. **LEHMAN**. Mr. Stanley, I understand that you have suggested alternatives to finance these rapidly increasing costs. Would you please describe your financing suggestions, including the estimated revenues that could be generated under each proposal?

[The information follows:]

It is not the prerogative of a Federal official to request that local officials implement specific types of taxes as that is clearly a local decision. However, ensuring that there are sufficient non-Federal financial resources to allow transit facilities to produce the benefits that were assumed when the Federal government originally funded their construction is a legitimate UMTA concern.

UMTA, as part of its Technical Assistance Program, has developed and disseminated information on a wide range of local and/or state mechanisms used to provide dedicated financial support for transit. Examples include development-related value capture techniques, various types of sales and/or excise taxes, payroll and/or income taxes, parking fees, highway tolls, vehicle registration fees, etc.

In order to "scale" the net recurring annual transit operating, maintenance and rehabilitation costs forecasted during the Federal City Council Transit Finance Study, UMTA estimated, respectively, the gasoline tax and sales tax levels that would be required to pay for year 2000 total non-Federal transit expenditures. We found that in 2000 either a 1.67% sales tax or a $.40+/gallon gasoline tax would be required to pay the entire total recurring annual non-Federal cost of WMATA bus and rail transit. Either a .5% sales tax or a $.14/gallon gasoline tax would be required to pay the year 2000 increment beyond the amount already being borne by state and local governments in 1986 for all transit costs, including capital match.

UMTA staff has also estimated that over $25M/year (and as high as $45M) could currently be generated from fee's, taxes etc., related to real estate developments near metro stations. Metro has projected about $4M income from these sources for its FY 1987 budget.

Mr. **LEHMAN**. Ms. Turner, how do you feel about Mr. Stanley's proposed financing alternatives? Do you agree with his estimate of the additional revenue that could be generated?

Is the Board considering these or similar strategies?

[The information follows:]

The region is currently meeting all of its obligations without such a dedicated tax. The jurisdictions are contributing their share of capital costs, including debt service, on time and are financing 95 percent of bus and rail operating assistance with the other 5% represented by the $18.5 million Federal grant.

Past studies on the subject of a regional tax have analyzed various taxes including an income tax surcharge, a payroll tax, a sales tax, various excise taxes including motor pools, and others. There are no "favorities" but a motor fuel tax of more than a few cents per gallon has never received serious consideration. The idea of increasing the gasoline tax to 45¢ per gallon—some 300+ percent increase over the current Federal-State tax—would appear to be both discriminatory and counter-productive. The UMTA Administrator probably made the proposal with tongue-in-cheek.

OPERATING COST OF 89.5 MILE SYSTEM

Mr. **Lehman**. The results of the Federal City Council study are based on a 103 mile system.

Ms. Turner, by about how much do you estimate the total annual costs would drop with an 89.5 mile system?

Ms. **Turner**. I do not have a concrete figure for that, but we estimate a total capital reduction of about $2 billion. Mr. Chairman, I do want to make one other comment though. Mr. Stanley says that he is opposed to the $217 million for Metrorail. I do want to point out that it was Mr. Stanley's guidance that allowed us to set those appropriations levels and indeed, his guidance was higher than $217 million.

Nor do we believe that the Gramm-Rudman-Hollings legislation mandates that Metrorail should be reduced to zero. I think that there was and still is discretion within Gramm-Rudman-Hollings for Mr. Stanley to meet his commitment and obligation to us in setting appropriations levels at $250 million and $275 million.

Mr. **Lehman**. That was $2 billion?

Were you talking about capital outlays?

Ms. **Turner**. Yes, that is what we thought.

I apologize. We would provide that for the record, please.

[The information follows:]

The Federal City Council forecasts of FY 1993 costs and revenues included a part year operation of the 89.5 mile system. All data is in 1986 dollars.

[In millions of dollars]

	Costs	Revenues	Operating assistance
Bus	233	87	146
Rail	238	156	82
Total	471	243	228

Note.—These forecasts are in line with WMATA's projections.

The rail costs of $238 million shown above are $53 million below the rail costs projected for the year 2000 (the 103-mile system). Bus costs are the same for both years.

Mr. **Lehman**. Mr. Stanley, What is your estimate of the costs associated with an 89.5 mile system?

[The information follows:]

During the Federal City Council study, cost and revenue modeling was done for two future points in time, 1993 and 2000. A 1993 forecast horizon was selected because it would be the first full year of "Stark-Harris" or 89 mile rail system operation and 2000 was selected because the 103 mile system was assumed to be complete by that time. 1993 and 2000 operating costs can be compared in constant 1986 dollars because there is not expected to be significant net of CPI inflation between the two years.

The study projected that rail only operating costs for the 89 mile system would be $238M compared to $292M for the 103 mile system (both in constant dollars) or about 19% less. Total WMATA (bus and rail) operating costs were estimated to be $471M for the 89 mile system and $525M for the 103 mile system or about 10% less.

Rehabilitation and reconstruction costs, estimated to be 34% of total annual non-Federal costs by 2000, would not be significantly reduced by a slower pace of rail construction, at least through the early years of the next century, because they are so highly dependent on the magnitude of the system already in operation.

FY 1987 OPERATING BUDGET

Mr. **Lehman**. The Metro Board recently approved a $456 million operating budget for fiscal year 1987. Ms. Turner, would you explain how you arrived at this dollar amount—what are the assumptions regarding service, and fares on which it is based, and what is the percentage increase over last year's operating budget?

[The information follows:]

The FY 1987 operating budget includes: a full year of Vienna service adding nine (9) miles and four (4) stations to the rail system; extended hours of Sunday rail servcie to operate from 10:00 a.m. to midnight; and additional bus service requested by local jurisdictions.

The operating assistance in the recommended FY 1987 budget is within 4.5 percent of our original approved FY 1986 budget. We have been able to achieve this with no fare increase.

FY 1987 OPERATING ASSISTANCE

Mr. **Lehman**. Ms. Turner, last year you estimated you would need $228 million for operating assistance for 1987. Has this estimate changed?

[The information follows:]

The recommended FY 1987 budget estimates operating assistance of $220.4 million. This is about 3.5 percent below the forecast last year. Last year's forecast of $228 million in operating assistance assumed a six percent fare increase. If last year's forecast had assumed no fare increase, the operating assistance would have been $238 million. In reality, the FY 1987 budget will be about eight percent below last year's forecast. This is due to higher ridership, continuing cost containment efforts, and reduced inflation.

EFFECT OF PROPOSED ELIMINATION OF FEDERAL OPERATING ASSISTANCE

Mr. **Lehman**. Metro now receives about $18.5 million a year from UMTA for operating assistance. Under the President's budget proposal, federal operating assistance to Metro would be eliminated next year.

Has the Board developed any contingency plans to cover this loss if that provision is enacted?

Ms. **Turner**. The contingency plan would be to either reduce service, increase fares, or a combination of the two.

Mr. **Lehman**. Mr. Stanley?

Mr. **Stanley**. I was just going to make one comment and that is I think that the WMATA Board and the WMATA staff has done a very credible job in containing costs. I would point out, however, that in fact they did such a good job that they were able to return operating subsidies from the local jurisdictions back to the jurisdictions. My recommendation, to be given in this budget climate and the needs I outlined this morning, is that should those costs be less than what is anticipated, I do not think it is financially prudent, given some of the costs that we talked about on rehabilitation and replacement costs, to return that funding to the jurisdictions.

None of the subsidies were returned to the Federal government during the year in which the costs were lower than the anticipated subsidy level.

Mr. LEHMAN. It is a parachute item?

Mr. STANLEY. Yes.

IMPACT OF REDUCED OIL PRICES

Mr. LEHMAN. The price of oil has dropped dramatically over the past few months. How much of a savings does this represent to Metro—how much do you estimate you save with each dollar decrease in the price of oil per barrel?

What is the anticipated effect, if any, that the decrease in the price of oil will have on your ridership?

Ms. TURNER. Over the past year, the reduction in oil prices has reduced WMATA's fuel costs by approximately $3 million. Of this, $2.5 million is for diesel fuel; $300,000 is for gasoline; and $200,000 is for heating oil.

We do not know the impact on ridership. Let me say that during the month of March, when fuel prices were dropping dramatically, ridership was increasing. And we would have to go back and do a very careful analysis to show the relationship of the cost of a barrel to the diesel fuel costs, but we would be happy to do that analysis for you.

LABOR COSTS

Mr. LEHMAN. By the time that we have it figured out the oil prices would be back up. If you start talking about oil prices, you had better be careful.

Last year, you indicated that your current labor contract expires this month, Ms. Turner. What is the status of your negotiations, and can you tell us about any major new provisions that are being considered?

[The information follows:]

The contract with the major transit union, Amalgamated Transit Union Local 689, will expire on April 30, 1986. Contract negotiations are underway. Due to the delicate nature of the negotiations, it is not appropriate to disclose WMATA's objectives at this time.

Mr. LEHMAN. What percentage of your 1986 costs will be for labor wages and benefits, and what does your operating budget assume for fiscal year 1987?

[The information follows:]

The FY 1986 salary and wage costs are budgeted at 54.9% of total cost. Related fringe costs are 16.8% resulting in personnel costs being 71.7% of total costs.

The General Manager's Recommended budget for FY 1987 contains 54.6% for salaries and wages, 16.7% for fringe benefits, and 71.3% for personnel costs as a percent of total costs.

BUS FLEET REPLACEMENT

Mr. Lehman. On March 4 the Acting Deputy Inspector General for the Department of Transportation appeared before this Committee. He testified that in an audit they conducted of UMTA grantee bus usage, they found transit operators were retaining spare buses far in excess of what was needed.

In a related audit, the Inspector General found that outlays for bus replacements could be substantially reduced by extending normal bus service life from 12 to 15 years in determining bus fleet requirements.

Ms. Turner, what criteria do you use for determining your bus fleet requirements?

Ms. Turner. Our bus fleet, Mr. Chairman, is probably one of the oldest in the Nation. The average age of our buses is now ten years. The fiscal year 1986 bus fleet totals 1,578 buses. This includes 1,372 scheduled buses and a 15 percent spare factor of 206 buses.

By the end of fiscal year 1986 fully 66 percent of the fleet will exceed a 12 year age.

Mr. Lehman. What is the size of your current total bus fleet, what is your spare bus to peak requirement ratio, and has the total fleet and the spare bus ratio changed over last year's?

[The information follows:]

The spare bus ratio has been reduced by 0.7 percent since last year.

	Fiscal year—	
	1985	1986
Total bus fleet	1,619	1,578
Scheduled buses	1,399	1,327
Buses available for spares	220	206
Spare ratio (percent)	15.7	15.0

Mr. Lehman. Mr. Stanley, I understand UMTA has issued guidance on bus replacement and bus spare ratios in accordance with the Inspector General's recommendations.

Are you satisfied that Metro's criteria for determining bus fleet requirements and their bus spare ratios are acceptable?

Mr. Stanley. The Inspector General did a regional analysis and recommended two things. One, that spare ratios, which are the number of buses you need in excess of your peak hour be increased to 30 percent and two, that the life expectancy be extended to 15 years.

Included in that analysis as a part of the region was WMATA. We concluded a tri-annual review of WMATA's bus fleet which shows that they have successfully reduced their spare ratio to under our maximum of 20 percent. We have guidelines at 20 percent spare fleet and a 12 year useful life and they are within the guidelines on the spare ratio.

Mr. Lehman. The ages of buses indicate that they are trying to spend money on maintenance rather than trying to get federal match on new equipment.

Ms. **Turner**. What we have found is that for some buses we can extend the life significantly by rehabilitation. But we are also aggressively pursuing a bus replacement policy that does replace 1/12 of the fleet annually with new buses.

FARE COLLECTION EQUIPMENT

Mr. **Lehman**. Last year, Ms. Turner, you indicated you were considering the use of a sole source contract for a $22 million procurement to retrofit your existing Metrorail farecard machines to remedy reliability problems.

I believe the sole source retrofit procurement was finally approved by the Board. On what basis did you justify your decision to recommend use of a sole source contract rather than seek competitive bidding?

That question should not surprise you.

Ms. **Turner**. That question does not surprise me. I would say that we are going through a very careful review of that recommendation and I will report back to the Board on Thursday, the 24th of this month to determine whether our original recommendation should stand or whether we want to make some adjustment in it.

I want to do a very careful analysis of all of the issues associated with that and make a recommendation to the Board. Then I will advise the Committee of our findings and the basis for them.

Mr. **Stanley**. May I make a comment, Mr. Chairman?

Mr. **Lehman**. Sure.

Mr. **Stanley**. Just one comment—we have contacted the Authority underlining what was either a breakdown in communications or some difficulty we had with a major procurement in the past.

We have not received anything from the Board concurrent with their deliberation on the issue, but I would underline that if the procurement is with Federal funds, as I anticipate it would be, that has to be submitted to UMTA, if it is a sole source procurement.

And I would just say for the Committee, that regardless of the Board recommendation on that, we would have to review any kind of sole source procurement at that level. We had a very difficult time last year, with regard to the sole source procurement for a number of the rail cars, which we received late, after the decision had been made and there was an option in the contract and we permitted that.

At that time, Ms. Turner and the Board assured me that any further sole source procurements that are desired by the Authority have to be approved by our Board. We have a third party contract review board that looks at justifications for sole source.

Mr. **Lehman**. Ms. Turner, I want to be clear that what we are talking about in one case is retrofit, and what we are talking about in the other case is the new machines. And I want you to tell me what the process is and where you stand on both the retrofit sole source, and the new machine sole source, so that we will not be confusing these two issues.

[The information follows:]

The Farecard Vendor Improvement Program was for the extensive retrofit of 535 existing machines, which are used by Metro riders to purchase farecards. WMATA plans for a full scale Retrofit Program have been moderated. The Authority is considering a more modest in-house Retrofit Program designed to extend the service life of the 535 existing Farecard Vendors another 3 to 5 years and with modest gains in Mean Cycles Between Failures (MCBF) and Mean Cycles Between Jams (MCBJ) in the order of 1,500 to 2,000. Increased preventative maintenance has accounted for improved reliability over last year's from 200 to 700 MCBF and 500 to 1,000 MCBJ.

The procurement of new equipment is for system expansion beyond the Vienna Line extension. This is the issue that has raised the controversy regarding sole source procurement and is still under review by the WMATA Board of Directors.

WMATA's sole source criteria are:

"(a) The purchase is to be made from or the contract is to be made with the federal or any State government or any agency or political subdivision thereof or pursuant to any open end bulk purchase contract of any of them.

"(b) The public exigency requires the immediate delivery of the articles.

"(c) Only one source of supply is available.

"(d) The equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts in the public interest."

Mr. **Lehman**. According to the same news report I mentioned earlier, you believe that you may face legal challenges from one of the manufacturers despite how you proceed—the manufacturer of your existing machines may claim violation of proprietory rights and the other may claim violation of laws requiring competition.

Ms. Turner, would you elaborate on the validity of these claims? Also, do you believe these problems could have been avoided if you had recommended competitive bidding in the first place?

Ms. **Turner**. Mr. Chairman, initially we were interested in retrofitting all of our automatic fare collection equipment. We had planned then to have that done by a contractor and, at that point, it would have been the contractor who provided the equipment. As we reviewed our status and available funds, we made a determination that it was more prudent to use our funds to buy new equipment and to use our in-house capability to retrofit the machines that we already had. That is what we proposed to do at this point and that is the action that will go to the Board.

Let me say that the Transit Authority certainly is in favor of and continues to believe in competition. We want to make the best decision for the Transit Authority and we also want to make sure that our decision is one that can be supported by the Federal Administration.

Mr. **Lehman**. Mr. Stanley?

Mr. **Stanley**. Mr. Chairman, we, at this stage, other than the news reports, do not have a request from the Authority before us, but any non-competitive negotiation or sole source award, is strictly limited to circumstances where the item is only available from a single source, public exigency requires a sole source award, we authorize a noncompetitive negotiation, or after a solicitation, competition is determined inadequate.

And I might add, that given the environment and concerns that we have had very—as I said, not yet in the Washington area, but in New York, Chicago and other areas in which the issues of competition are very, very prevalent, we are going out of our way to ensure competition on the bids. And we have run into some difficulties, albeit in other cities, but we will try to maximize competition in every circumstance.

Mr. **Coughlin**. Mr. Chairman?

Mr. **Lehman**. Mr. Coughlin?

Mr. Coughlin. Could I ask a couple of follow-up questions on this?

Mr. Lehman. Certainly.

Mr. Coughlin. If you do go to a new supplier, I know that you have had a lot of problems on those fare machines as it is, and if you go to a new supplier are you likely to run the risks of major operational problems?

Ms. Turner. Well, obviously, one of our concerns is the reliability of the equipment. If you think back some four, or five or six years ago, you will remember all the criticism that Washington Metro received, and the descriptions of the balky farecard machines. We are concerned that whatever equipment is put in the system, its performance will help us to continue to maintain the high reliability that we have now established.

The farecard machines that are on the mezzanines now are state-of-the-art equipment, but they have not met the performance standards that the contractor indicated that they could meet. And so we are working to bring those machines up to the level that it was agreed upon in the contract. We are looking at any new procurements to make sure that new equipment can perform at the same level.

Mr. Coughlin. I take it that they would have to be compatible with your existing equipment?

Ms. Turner. Exactly.

Mr. Coughlin. How would you do that without getting the proprietary information?

Ms. Turner. Mr. Coughlin, most of these questions are going to be raised in some form of litigation, I believe. I would like to finish my analysis, and make my recommendation to the Board, and submit to the Committee, for the record, our findings.

Mr. Coughlin. I also understand that one of the potential competitors, is a wholly owned French firm with no manufacturing capabilities in the United States.

How would this be compatible with the buy American provisions of the Surface Transportation Act?

Ms. Turner. Again, I have not fully investigated the firms that are considered to be possible competitors. Certainly we have to apply the Buy America provisions to any procurement that we put forward.

Mr. Coughlin. Thank you, Mr. Chairman.

Mr. Lehman. I am not really sure about this, Mr. Coughlin. One of the firms competing for the new machines is a French firm without any manufacturing capability in the United States. But then is there not another firm aligned with the same firm that I understand has manufacturing capability some place in New England?

Ms. Turner. There are two firms. One does have a plant in New England at this time. The other one has a plant in San Diego. As I said earlier, we have to investigate the capability of the firm in New England. There are some allegations that they cannot manufacture the machines in the United States. That is an allegation, and I have no proof one way or the other.

Mr. Lehman. That is what you have to find out?

Ms. Turner. That is right.

OPERATIONS RELIABILITY

Mr. **LEHMAN**. Ms. Turner, what other actions are you taking to achieve more reliable Metrorail and Metrobus service?

[The information follows:]

Significant improvements continue to be made in both bus and rail reliability.

RAIL

Implementation of the Rail Reliability Program. This includes the rehabilitation of traction motors, replacement of the friction brake equipment, air compressor and other vital subsystems of the rail cars.

Aggressive enforcement of preventative maintenance, overhaul and rehabilitation programs.

Better personnel utilization.

Improvement of accountability at all levels.

Introduction of rail operators' refresher and recertification program. We have already processed all of our operators through this program and are planning to repeat this program on a two-year cycle.

BUS

Preventative maintenance initiatives include a maintenance inspection every 5,000 miles or every two months, whichever comes first; a weekly inspection of air conditioning components and systems from April to October; and weekly inspections of safety type items and wheel chair lifts.

Emphasis has been placed on an engine rebuild program. All engines are warranted by the maintenance department, and after installation are monitored for performance reliability. Any engine failing prematurely or before the warranty period expires is torn down to determine the cause of failure. This determination is rendered by a Quality Assurance Auditor. All failures, whether they be rebuilt or operating related, are charged accordingly against the responsible department's management by objectives percentage.

WMATA has developed and initiated a comprehensive engine and transmission oil analysis program in efforts to increase the reliability and life cycles of its major components. Oil analysis warns of impending failures, indicates the cause of the failure and allows for early correction. In addition, follow-up analysis of test results by Quality Assurance and the designated testing laboratory have allowed WMATA to extend oil change intervals for its bus fleet.

The maintenance work control system has enabled comprehensive repair data collection, electronic repair monitoring, real-time vehicle status, effective control of repair parts, optimum use of materials and labor resources, effective short and long range planning.

LOCAL BUS OPERATIONS

Mr. **LEHMAN**. Since this time last year, a third local bus operation has been started in the metropolitan area and the State of Maryland considered, but I believe rejected, establishing what would have been a fourth. Ms. Turner, last year you indicated that you had just begun a study to look at the cost implications to Metro of the formation of local bus systems. Is that study complete, and if so, what did you find?

Also, what are you doing to minimize the cost impacts to Metro of the expansion of local bus systems?

Ms. **TURNER**. The study is complete and the study looked at four aspects of delivery of bus service. It looked at the role of Metrobus in the region, at the bus subsidy allocation formula, at residual liabilities, and at the use of WMATA facilities.

What we found was that even if there is a substantial increase in local bus service replacing or supplementing Metrobus service, the total change in costs would be about 3 to 4 percent across the region.

When you compare the costs of new local bus services to the costs of Metro service, you discover that there are costs that are incurred but are not necessarily reported in the figures quoted for the delivery of the local bus service. These unreported costs include administrative overhead, some aspects of maintenance and some of the procurement activities which are extensive costs. I think that more important than comparing the cost of local bus service and Metro service, what we found was that we had a common objective and that was to provide the best public transportation and to move as many people as possible in the region in the most cost effective way.

We believe that Metro's role is to serve as a coordinator and a broker and to integrate these local bus systems so that we can maximize the efficient use of the dollars being spent for transportation in the region.

PRIVATIZATION

Mr. **Lehman**. Privatization is also a major theme of the current administration and certainly one that UMTA is promoting. One of this area's local bus system claims success in cutting costs by contracting with a private company to operate its buses and another is now considering doing the same.

Ms. Turner, has Metro considered the possibility of contracting out some or all of its bus operations—does this appear to be a cost-effective and viable cost-cutting alternative for Metro?

Ms. **Turner**. We have been having discussions with the representatives of UMTA on this subject. Based on the way that service levels are decided in this region, we believe that the service provided by Fairfax County does represent privatization and contracting out service that would normally be provided by Metrobus. We believe that the region is now contracting out some portions of the service that may be better provided by private carriers or by local jurisdictions.

Mr. **Lehman**. How about privatization of maintenance?

Ms. **Turner**. We are looking at every area that has been identified by UMTA to determine if there are ways in which we can contract out certain portions of our operation.

Remember though, that we have a labor contract that is somewhat prescriptive in terms of what we can or cannot do.

Mr. **Lehman**. Mr. Stanley, do you believe that contracting out of bus operations is a viable, cost-effective alternative for Metro, and if so, what annual cost savings do you estimate could possibly be achieved by doing so?

Mr. **Stanley**. We have not looked at the annual cost savings that Metro could achieve by contracting out. I would note that with regard to the Ride-On service in Montgomery County, the operating costs per vehicle mile is about $2.50 which compares with about $5 per vehicle mile for WMATA bus service. The Fairfax service is about $2.10 a vehicle mile. So at least with regard to those two services, it is about 50 to 60 percent less on the operating cost side.

I would be curious to see the WMATA study, as well, describing the overhead and the administrative costs for the local services. I personally think that contracting out on those services—I think and we will talk about it later today—demonstrably saves funding. It is an option to the Authority but in times of difficult budgets considering needs to be given to the changing mobility needs of this region. I think the ultimate success of the 103 mile rail system is adequite feeder bus service of a variety of types.

If you consider the constituency to be served by the program, the rider and the taxpayer, the lowest cost service in that regard, I think, is a benefit.

Ms. **Turner**. We agree that it is a benefit. We also agree that we, the region, ought to make the judgment in terms of what level of service is provided by the Transit Authority and what level of service is provided by local carrier.

Mr. **Lehman**. Ms. Turner, do you agree with Mr. Stanley's estimate of the cost savings that could accrue to Metro with privatization of your bus operations?

[The information follows:]

The Authority has not completed its review of the savings that might be achieved with privatization. The Washington Metropolitan Council of Governments (WMCOG) in conjunction with the Authority is undertaking an UMTA funded study which will review routes and services throughout the region and make recommendations as to where private operations would be most feasible.

OPERATING ASSISTANCE FORECASTS

Mr. **Lehman**. Please update for the record, the estimate of operating assistance you provided for last year's hearing record on page 975.

[The information follows:]

The current forecasts of operating assistance are:

Fiscal year:	*Millions*
1986	$206
1987	220
1988	235
1989	247

CAPITAL FUNDING

Mr. **Lehman**. Please provide for the record an update of the table on page 984 of last year's record which lists the sources of capital funding.

[The information follows:]

The following summarizes the FY 1986 and FY 1987 Capital funding:

FEDERAL AND LOCAL CAPITAL FUNDING

[In millions of dollars]

	Fiscal year 1986 (actual)	Fiscal year 1987	
		President's budget	WMATA request
Federal:			
Stark-Harris	217.2	0	275.0
Bus and rail improvements: Sec. 9	26.3	[1] 25.0	[1] 25.0
Operating subsidy: Sec. 9	18.5	0	18.5
Total, Federal	262.0	25.0	318.5

FEDERAL AND LOCAL CAPITAL FUNDING—Continued

[In millions of dollars]

	Fiscal year 1986 (actual)	Fiscal year 1987	
		President's budget	WMATA request
Local match	60.9	8.3	77.1
Total, program	322.9	33.3	395.6

[1] Current sec. 9 match is 80/20 percent Federal/local. President proposes 75/25 percent Federal/local ratio.

LOCAL FUNDING CONTRIBUTION

Mr. **Lehman**. For the record, please update the table on pages 984 and 985 of last year's hearing record that shows the amount of local contributions for each jurisdiction.

[The information follows:]

Since no UMTA grants have been received for the FY 1986 program, the contributions from each jurisdiction remain the same as in last year's hearing record.

District of Columbia	$346,620,500
Montgomery County	180,405,300
Prince George's County	116,238,200
Alexandria	44,641,700
Arlington County	107,255,700
Fairfax City	2,053,400
Fairfax County	108,674,300
Falls Church	1,696,200
Total	907,585,300

1987 CONSTRUCTION COSTS

Mr. **Lehman**. Would you provide for the record the costs associated with each route in your proposed 1987 program and indicate which are construction costs?

[The information follows:]

There are no design or real estate projects included in the FY 1987 program. The following table reflects the Authority's proposed rail construction program for fiscal 1987 based on ICCA-IV and a $275 million Federal appropriation.

[In millions of dollars]

	Construction	Equipment
B route: Continuation of procurement for operation to Wheaton		6
Inner green route: Finish and stage work		40
Outer E route:		
2d increment of Fort Totten Station	44	
1st increment of line beyond Prince George's Plaza Station	30	
College Park Station and line	53	
Finish and stage work		20
J route:		
Van Dorn St. Station and line	25	
Finish and stage work		25
Total	152	91

STATE/LOCAL FUNDING

Mr. **Lehman**. Would you update the table on state and local participation which was included on page 985 of last year's hearing record?

[The information follows:]

The summary of state and local contributions are:

TOTAL STATE/LOCAL CONTRIBUTIONS

[In millions of dollars]

	Rail construction program [1]	Capital improvement program	Operating assistance [2]	Debt service [3]	Total
Fiscal year:					
1982	44.6	4.8	132.7	16.7	198.8
1983	40.0	10.3	157.3	26.2	233.8
1984	37.0	8.6	164.7	27.5	237.8
1985	47.5	9.8	164.4	27.5	249.2
1986	44.9	6.6	[4] 187.2	27.5	266.2
1987	49.8	8.3	[5] 201.9	27.5	287.5

[1] Net of WMATA investment earnings.

[2] Net of Federal operating assistance.

[3] Net of accelerated Federal assistance for bond interest in fiscal years 1980–82 for those jurisdictions electing to utilize this funding.

[4] Assumes $18.5 million of Federal operating assistance—same level as fiscal year 1985.

PERFORMANCE INDICATORS

Mr. **Lehman**. Would you update the performance indicators which were included on pages 990 and 991 of last year's hearing record?

[The information follows:]

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
FY 1987 APPROVED BUDGET
METROBUS OPERATIONS

	FY 1981 ACTUAL	FY 1982 ACTUAL	FY 1983 ACTUAL	FY 1984 ACTUAL	FY 1985 ACTUAL	FY 1986 APPROVED BUDGET	FY 1987 ESTIMATE
Total Bus Miles (000's)	54,791	53,236	n/a	50,517	49,574	49,090	48,160
Scheduled Bus Miles (000's)	53,942	52,633	52,472	n/a	n/a	47,987	47,068
Total Passengers (000's)	141,411	135,960	130,325	131,629	131,842	131,800	132,117
Bus Fleet Size (Year End)	1,760	1,733	1,647	1,648	1,619	1,578	1,529
Scheduled Buses (Maximum)	1,543	1,521	1,470	1,425	1,399	1,372	1,329
Total Operating Costs (000's)	$174,810	$196,414	$208,669	$219,154	$227,490	$233,706	$242,834 2/
Total Revenue (000's)	$ 81,568	$ 84,756	$ 83,570	$ 89,047	$ 93,640	$ 89,565	$ 91,887 2/
Total Operating Assistance (000's)	$ 93,242	$110,658	$125,099	$130,107	$133,850	$144,141	$150,947
Passenger Revenue (000's)	$ 73,919	$ 73,936	$ 74,390	$ 80,740	$ 83,061	$ 81,585	$ 81,337 2/
Passengers Per Scheduled Bus Mile	2.62	2.58	2.48	n/a	n/a	2.75	2.81
Passengers Per Scheduled Bus	91,647	89,389	88,656	92,371	94,240	96,064	99,411
Percent of Scheduled Buses in Fleet	87.7%	87.7%	89.3%	86.5%	86.4%	86.9%	86.9%
Cost Per Total Bus Mile	$ 3.19	$ 3.67	n/a	$ 4.34	$ 4.59	$ 4.76	$ 5.04
Cost Per Bus-Total Fleet	$ 99,324	$112,761	$126,696	$132,982	$140,513	$148,103	$158,819
Cost Per Passenger	$ 1.24	$ 1.44	$ 1.60	$ 1.66	$ 1.73	$ 1.77	$ 1.84
Average Passenger Fare 1/	$ .523	$ .544	$ .571	$ .613	$ .630	$ .619	$ .616
Passenger Revenue Per Scheduled Bus	$ 47,906	$ 48,610	$ 50,605	$ 56,660	$ 59,372	$ 59,464	$61,202
Passenger Revenue Per Scheduled Mile	$ 1.37	$ 1.40	$ 1.42	n/a	n/a	$ 1.70	$ 1.73
Operating Assistance Per Passenger	$ .659	$ .814	$ .960	$ .988	$ 1.015	$ 1.094	$ 1.142
Operating Assistance Per Bus-Total Fleet	$ 52,978	$ 63,853	$ 75,956	$ 78,946	$ 82,674	$ 91,344	$98,723
Operating Assistance Per Scheduled Bus	$ 60,429	$ 72,753	$ 85,101	$ 91,303	$ 95,675	$105,059	$113,579
Percentage of Operating Assistance to Total Cost	53.3%	56.6%	60.0%	59.4%	58.8%	61.7%	62.2%
Percentage of Total Revenue to Cost	46.7%	43.4%	40.0%	41.2%	40.3%	38.3%	37.8%
Percentage of Passenger Revenue to Total Cost	42.3%	37.6%	35.6%	36.8%	36.5%	34.9%	33.5%

1/ Average is lower than base fare due to transfers and flash pass impact.

2/ Excludes $1 million in non-operating cost and $1 million in related revenue for reserve for registering fareboxes.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
FY 1987 BUDGET ESTIMATE
METRORAIL OPERATIONS
INDICATORS

	FY 1981 ACTUAL	FY 1982 ACTUAL	FY 1983 ACTUAL	FY 1984 ACTUAL	FY 1985 ACTUAL	FY 1986 APPROVED BUDGET	FY 1987 BUDGET ESTIMATE
Total Car Miles (000's)	—	—	n/a	n/a	n/a	30,169	37,644
Scheduled Car Miles (000's)	17,969	17,440	17,397	17,840	24,260	28,733	36,252
Total Passengers (000's)	75,690	78,453	80,781	87,805	100,547	105,100	117,000
Total Operating Cost (000's)	$ 90,291	$107,922	$120,674	$137,421	$165,216	$188,513	$213,972
Total Revenue (000's)	$ 54,922	$ 63,288	$ 69,905	$ 84,287	$112,316	$122,585	$140,413
Total Operating Assistance (000's)	$ 35,369	$ 44,634	$ 50,769	$ 53,134	$52,900	$65,928	$73,559
Total Passenger Revenue (000's)	$ 52,524	$ 59,303	$ 65,166	$ 77,539	$101,581	$110,084	$126,601
Passengers Per Scheduled Car Mile	4.21	4.50	n/a	4.92	4.14	3.66	3.23
Passengers Per Scheduled Cars	309,795	306,445	325,730	330,094	290,598	305,523	262,332
Percent of Scheduled Cars to Total Cars	84.7%	87.1%	83.2%	83.1%	83.2%	83.1%	83.2%
Cost Per Scheduled Car Mile	$ 5.02	$ 6.19	$ 6.94	$ 7.70	$ 6.81	$ 6.56	$ 5.90
Cost Per Scheduled Rail Cars	$313,510	$367,082	$403,386	$516,620	$477,503	$548,003	$479,758
Cost Per Passenger	$ 1.19	$ 1.38	$ 1.49	$ 1.57	$ 1.64	$ 1.79	$ 1.83
Average Passenger Fare	$ .695	$ .756	$ .807	$ .883	$ 1.01	$ 1.047	$ 1.082
Passenger Revenue Per Scheduled Car	$215,262	$231,652	$262,766	$291,500	$293,587	$320,012	$286,697
Passenger Revenue Per Scheduled Car Mile	$ 2.92	$ 3.40	$ 3.75	$ 4.35	$ 4.19	$ 3.83	$ 3.49
Operating Assistance Per Passenger	$ .468	$ .569	$ .628	$ .605	$ .526	$ .627	$ .629
Percent of Operating Assistance to Total Cost	39.2%	41.4%	42.1%	38.7%	32.0%	35.0%	34.4%
Percentage of Total Revenue to Cost	60.8%	58.6%	57.9%	61.3%	68.0%	65.0%	65.6%
Percentage of Passenger Revenue to Total Cost	58.2%	54.9%	54.0%	56.4%	61.5%	58.4%	59.2%
Route Miles-One Way	37.06	39.12	42.37	46.67	60.46	60.46	69.57
Stations	41	44	47	51	60	60	64
Mezzanines	56	59	61	66	76	76	80
Trains-Maximum	41	43	55	57	82	80	87
Total Rail Cars	288	294	298	320	416	414	536
Scheduled Rail Cars	244	256	248	266	346	344	446

ANNUAL CONSTRUCTION OBLIGATIONS

Mr. **Lehman**. Would you please update the table on page 992 of last year's hearing record that shows rail construction obligations through 1984? Please add 1985 data to the table.

[The information follows:]

Total obligations for the rail construction program through calendar year 1985 totalled more than $5.4 billion. The annual amounts are as follows:

[In millions of dollars]

	Annual	Cumulative
Calendar year:		
1969	87.9	87.9
1970	126.1	214.0
1971	285.8	499.8
1972	513.1	1,012.9
1973	318.9	1,331.8
1974	510.9	1,842.7
1975	395.7	2,238.4
1976	427.4	2,665.8
1977	324.1	2,989.9
1978	336.5	3,326.4
1979	328.4	3,654.8
1980	359.4	4,014.2
1981	430.9	4,445.1
1982	222.7	4,667.8
1983	291.1	4,958.9
1984	169.4	5,128.3
1985	350.5	5,478.8

RIDERSHIP

Mr. **Lehman**. What is your current rail and bus ridership, and what is the change from last fiscal year?

[The information follows:]

Rail and bus ridership have grown significantly over the past year. Daily passenger trips have increased as follows:

	Rail	Bus
March 1985	369,000	429,000
March 1986	430,000	446,000
Growth	61,000	17,000
Percent growth (percent)	16.5	4.0

This dramatic growth can be attributed to improved reliability, cleanliness of the vehicles and stations, courtesy of the personnel, stabilized fares, and general market growth.

Mr. **Lehman**. Do you project an increase or decrease in rail and bus ridership in 1987? Please explain why.

[The information follows:]

Annual ridership is expected to increase by 11 million on rail and 4 million on bus. This increase is expected to result from the opening of four additional stations on the Vienna line and stabilized fares.

[In millions]

	Bus	Rail	Total transit
Fiscal year:			
1986	134.0	110.5	201.7
1987	137.9	121.7	212.5
Increase	3.9	11.2	10.8

Mr. **Lehman**. Please update the ridership forecasts on page 993 of last year's hearing record.

[The information follows:]

The following table contains ridership forecasts through 1990. The forecasts shown are substantilly higher than the estimates provided last year. For FY 1988, for example, bus ridership has been increased by 5.3 million annual trips and rail ridership has been increased by 9.0 million annual trips.

RIDERSHIP FORECASTS THROUGH 1990

	Metrobus	Metrorail	Total
Fiscal year:			
1982 (actual)	135,960,000	78,453,000	180,129,000
1983 (actual)	130,325,000	80,781,000	175,804,000
1984 (actual)	131,629,000	87,805,000	181,063,000
1985 (actual)	131,842,000	100,547,000	193,477,000
1986	134,000,000	110,500,000	201,737,000
1987	137,900,000	121,700,000	212,500,000
1988	138,300,000	126,000,000	215,538,000
1989	139,700,000	131,000,000	220,003,000
1990	141,100,000	138,800,000	226,185,000

Mr. **Lehman**. Mr. Coughlin.

Mr. **Coughlin**. I just wanted to say for the record, Metro used to be private, not very successfully.

Ms. **Turner**. That is right.

FY 1985–83 CONSTRUCTION FUNDS

Mr. **Lehman**. Mr. Sabo?

Mr. **Sabo**. Thank you very much, Mr. Chairman, and my apologies for missing over the lunch hour.

I just want to make sure that I understand this ongoing dispute over the 1985/86 money. At this point, are both Metro and UMTA agreed on what the 89.5-mile Metro system is? Is there any dispute over that between the two of you?

Ms. **Turner**. Mr. Sabo, we believe that if we have the Stark-Harris authorization, that we can build 89.5 miles of Metro rail in this region.

Mr. **Stanley**. I do not substantially disagree with that. Based on the appropriations schedule as is hoped for by the region, I think that they could achieve that.

Mr. **Sabo**. Give or take, it will be close, you can put it that way.

But you have agreement on not only that 89.5 miles can be built, but what those actual miles are?

Ms. **Turner**. That is correct.

Mr. **Stanley**. Yes.

Mr. **Sabo**. Okay, are all of the 1985/86 monies for construction within that 89.5 mile limit?

Ms. **Turner**. Yes.

INCREASE IN LOCAL MATCH

Mr. **Sabo**. Now, let me ask this question, to what degree is the Transit Board thinking and realistically dealing with the question of how you deal with the funding beyond 89.5 miles, if you want to get to 103 miles?

You know, I just have to say that I think that if the hope is 80 percent Federal funding, I think that is a pipe dream, too.

You know, my sense is that UMTA should get off whatever it is on, and release 1985/86 monies. Whatever the quarrels are, that has been authorized and it is on the 80 percent match. I think it is clear that the Administration and Congress may stretch it out longer than the local regional board would like. Just for my information, how much of Stark-Harris is left to be appropriated?

Ms. **Turner**. It is some $733 million.

Mr. **Sabo**. It may be slower than your wish list, but I am sure that will come over a period of time. Maybe you know, a year or two longer than what you would like, but it will come. And my suggestion to UMTA is, let's get on with it so that we get the maximum built for that money rather than delay.

Let's get it done. But on the other hand, I think that the region has to begin thinking very seriously about some of the things the Administrator was talking about for long-term costs for the region and also for how you build, if you want to go to the full 103 miles. I cannot conceive of Congress again authorizing 80 percent Federal funding, because we are telling everybody else no, and that they are lucky if you get 50/50, and maybe less.

Ms. **Turner**. We recognize that, Mr. Sabo. We believe that through the Stark-Harris authorization the relationship should be 80/20. That is what the Interim Capital Contributions Agreement is based on and that is the guidance that we had from the Administration at the time that we put the Agreement together.

But clearly, when we get into the construction beyond the 89.5 miles, we have to be realistic in terms of what the region's contribution should be to that construction program.

Mr. **Sabo**. I guess I would simply say, the sooner the better. And for those of us who try to be as helpful as we can, within existing authorization, I think the thing that makes us the most nervous is that it is sort of typical of local governments and we keep wondering what will happen in the future, because it is not very defined.

So, I would urge you and your Board to get at that and get at it very seriously and in the meantime. I hope UMTA will let those dollars build some tunnels or some stations and get the job done. I think that I would simply say to the Administrator, the longer it waits, the more it cost.

Ms. **Turner**. Exactly.

Mr. **Stanley**. If I could just comment—I understand that Mr. Sabo, and it is a position that we are to acquiesce in the sequence of construction, although I admit, if we got Stark-Harris on WMATA's wish list, it would finish 89 miles.

Well, ask me to kind of unilaterally overturn what is our President's, budget recommendation and at a time prior to the appropriation, and I——

Mr. Sabo. Let me just say this. I understand your dilemma and if that prevails, that puts a new obligation on them. And I guess my judgment would be then if they have some segment that is slightly disconnected and if the Administration budget prevails and prevails for the foreseeable future, they have got a real dilemma. The odds are that that will not happen, so let's get the money out there and get it done.

Mr. Stanley. One other point I would just like to make—we have reviewed it and I think this is a number that we agree upon—there is an impression created that, gee, as soon as that money goes, we can start letting contracts on certain items.

There are, as of this week, about $295 million appropriated by this Committee, obligated by UMTA, put into different construction grants which are not yet under contract. Some of those dollars are several years old. I think that WMATA does a fairly prudent job of letting construction contracts, but in the pipeline of dollars, that has come through appropriations, and UMTA and that actually gets out on the street, those are identified for certain projects. But those contracts are not let. Some of the public's perception that is is created is that these dollars are for Thursday's contract. I ask the question, which I have asked two years ago when there was $400 million in obligated money that was not yet utilized—and I ask it again—$295 million is identified for projects but why are there not contracts out on them yet?

I appreciate the Committee's concern and I will not comment on the odds of a zero budget but I we did a lot of scrambling after Gramm-Rudman-Hollings last year and in sequestering 4.3 percent which disrupts some projects.

I cannot, will not, and until such time as there is an Administration compromise on the budget, I will not do anything but advocate zero funding for 1987.

Mr. Sabo. No, I guess my concern is I understand why you have got to advocate zero and in reality it will be some place between zero, and $250 million, but 1985/86 is appropriated, and I just say, let's proceed.

Mr. Stanley. I did not just say in the February 5th letter, here is a suggestion on what the 1985 and 86 money will buy. I also said, if you want to do it consistent with ICCA-IV, and on the schedule of what they would like to do as I outlined in my testimony, then what would be left unbuilt in the event that zero was the result. But I said, if you do it, give me a financial guarantee that the risk of that zero is going to be borne by the jurisdictions. If it does not happen, then fine. But if you want to go ahead just give me the financial guarantee of the jurisdictions, that that which is left uncomplete will indeed, be finished.

Mr. Sabo. I think that is sort of an unrealistic request to make of them on a short notice.

Mr. Stanley. Well, I am not saying it is realistic. All that I am saying is that there were two simple options given where we are in the budget.

CRITERIA FOR GRANT APPROVAL

Mr. **Sabo**. Zero this year, and zero the year after, and zero the year after, clearly they would have major problems. But the odds of that happening are not great so let's proceed.

Ms. **Turner**. Mr. Sabo, I pointed out earlier, and I will not take the Committee's time to reiterate it, that one of our concerns is the changing requirements imposed upon us simply delay the release of Federal funding. We are talking about a region that is made up of the two states and the District of Columbia. We have to go out to eight jurisdictions with a new Agreement every time the Administration changes signals on us.

That is time consuming. Our concern is that we have projects sitting there right now that need to go forward with the 1985 construction money. We also have projects that are ready to go with the 1986 construction money. Because of the latest guidance from the Administration, we are back coordinating a regional plan that compresses our construction program into 1985 and 1986, given a zero appropriation in 1987. The earlier discussion clearly indicated that Mr. Stanley is willing to work with us and that if the region adopts the plan he is then willing to move expeditiously, to release 1985 and 1986 money. That includes not only UMTA's approval of the plan, but any other Federal conditions associated with the release of that money.

We certainly want to move forward. We obviously, would like Mr. Stanley to support our request for 1987 and we recognize why he cannot, but since he is the one who gave us the guidance and told us what the appropriation level should be, we do feel somehow that it is appropriate for him to support us. The ICCA-IV, the regional construction program, is based upon guidance that we received from the Administration to set appropriation levels at $250 million. to $275 million. We do not believe that Gramm-Rudman-Hollings dictates that we should go from $275 million to zero.

Mr. **Stanley**. One comment and then I will stop. I never and shall never presume an appropriation level. For planning purposes, I was open with WMATA with regard to the deliberations and I would say OMB was equally open because the Transit Authority, as you know, has their own hearing at OMB, and sometimes, before UMTA.

And we were very open as we were trying to adapt to changing circumstances. Did they change? Absolutely.

And Gramm-Rudman-Hollings was a major impact on budget planning, it occurred at a late date in our budget planning process. But in terms of guidance on appropriation levels to plan on, last year, we were sort of following the guidance as the House and Senate acted. It went from $187 million and up and then was sequestrated down. That is a fluctuating process. I am just trying to shift the risk of that process. People can set odds on what will happen this year. I am just saying that if the odds are in the favor of WMATA, then WMATA should assume the risk. It is just that I cannot and will not on behalf of the Federal Government, overturn the President's budget in March or April of 1986 and assume the risk, in a contract.

Mr. **Hoyer**. May I interject a question here?

Mr. **Lehman**. Certainly.

Mr. **Hoyer**. Well, that goes to the questions that I was asking before, this assumption of the risk. Cannot we approve an 89.5 mile system which says, we will proceed on 85, 86, funds, and wherever other funds can be rolled in that you know are included in that $700 million package, and in addition, we will go this next increment to the extent that 1987 funds allow. If they allow, if they are zeroed there will be no extension and no risk to anybody?

Mr. **Stanley**. Sure, that is why I am trying to say that if it is a $100 million then I just want to make sure that the $100 million does not buy the 89th mile and leave 88, 87, 86 and 85 undone.

All that I am trying to say is let's do the 80th mile first, and the 81st mile second. Every other transit system, BART, MARTA, Chicago on some extensions, Boston, the whole thing and Miami were done incrementally.

Mr. **Hoyer**. We have a long history of not having done it that way here.

Mr. **Stanley**. Pardon me.

Mr. **Hoyer**. We have a long history of not having done it that way

Mr. **Stanley**. And a long history of a fairly stable and predictable funding source in the Federal Government. I mean this Administration recommended just a year ago, $250 million which was, believe it or not, a cutback. It was probably the only time in my experience that one of our transit recommendations was reduced in Congress. But these are different times.

UNOBLIGATED BALANCES

Ms. **Turner**. I would like to make just one comment on the reference to the unobligated balance. This topic needs to be put into perspective. We are talking about a $5.5 billion construction program. And as we look at the funds available, we have $62.5 million for modifications, claims, and close-outs. Now, that is about 1 percent and which is not unusual for a program of the magnitude of this construction program. We have got about $87.4 million in real estate and we have $64.5 awaiting obligation for construction projects, for the commuter rail project, for the Metro supply facility and for equipment. We have $17 million for design of future stations, and $21.9 million for insurance money that will be transferred to the joint reserve. There is a $49.9 million contingency, which is about 9 percent of the construction program.

Now, these dollars fluctuate as the construction program moves forward, because it is a dynamic program. We have taken part of this money to underpin the new construction program that we described to you earlier today. But I am somewhat concerned that there is the impression that there are millions and millions of dollars sitting at Metro that have not been programmed or obligated. Every dollar that we have is programmed or encumbered for some specific purpose within the construction program.

We have also indicted, to Mr. Stanley, that we will not only give him the macro numbers, but we will give him item by item the specifics that make up those total figures.

Mr. **Lehman**. Mr. Pursell?

Mr. **Pursell.** No questions at this time.

Mr. **Lehman.** If there are no further questions——

PRIVATIZATION

Mr. **Hoyer.** Just a minor question. Regarding privatization, do we need any Congressional legislation, enabling legislation to give you maximum flexibility in that area, or do we need to work on some legislation in that respect?

Mr. **Stanley.** In our reauthorization bill we encouraged privatization. We have a competitive services provision that encourages competition in regards to providing the services. And, in fact, in our discussions with transit authorities on the bus service, have said to WMATA and others, bid on it. If you win the bid and you are more cost-effective, so be it.

I think that we can really get some guidance on two phases of privatization. One is the competition I talked about and the second is, in encouraging transit authorities to recapture a lot of the benefits from the construction of the systems.

I will talk a little bit more about it later, but we have a very encouraging project that is being looked at, in of all places on the West Side in New York. The whole premise of the funding therefore, a light rail line down the West Side is that the benefits associated with what is occurring in terms of development in that corridor, will be recaptured before the construction is begun. The New York City Planning Commission believes that they could finance the entire project through those kinds of assessments.

I think the encouragement on the latter part of those kind of public/private partnerships will be helpful to indicate the Committee's and Congress' interest.

Mr. **Hoyer.** If you go back and look at public transportation years ago, there are a lot of private systems that went belly up and now it is the reverse. It is the public systems that are short of funds.

It just seems to me that we ought to be looking at some research to see if we cannot be a combination of both to help participate in that formula, because we cannot provide the large dollars, but yet, the private sector could stimulate some better management and maybe some cost effective programs at local levels where we could combine our resources.

Mr. **Stanley.** Frankly, I think a private monopoly in this area is as bad or probably worse than a public monopoly. And we are not advocating turning over transit authorities wholesale to private operators. I do not have anybody who is eager to do that.

But we are talking about kind of a mix of services, and there are demonstrated successes in those kind of mixed services. I think that the Ride-On and the Fairfax connector which is contracted out, is a success.

The other thing that we say in terms of it is, look, do not give up the public policy control. I mean there should be a board of directors at WMATA and let them set fare levels and frequency of service, and what the public service should be. It does not necessarily mean that they have got to operate it. And that mix, I think, is reality. Trying to accommodate the mobility needs in the 80's and

90's is going to be very difficult for public or private providers of public services. To the extent that you can accommodate some of those Ride-On services in the suburbs is going to be critical to that success.

Ms. TURNER. I would like to comment once again. I believe that the mix of service is a local matter, one that should be determined by local jurisdictions and should not be mandated or imposed as a condition of Federal grants on the recipients.

FULL FUNDING AGREEMENT CRITERIA

Mr. HOYER. One last question.

Mr. Stanley, you have in private and here today, indicated that a full funding agreement would be necessary in the context of this intent to secure 85 and 86 and then if possible, 87 and 88 funds, contingent upon appropriations.

What would the specific criteria of that full funding agreement be?

Mr. STANLEY. The full funding contracts that we talked about last fall, principally, incorporate project management oversight, and that they have a capital reserve. It is a contractual arrangement that the transit authority would bring in the service, for which it receives the funds, at those costs. It defines what we say are extraordinary costs, which are inflation, acts of God, subsequent acts of the Federal Government and it is amendable. We did not have very many differences, other than the funding level and the scope of work on the contract that we were talking about.

The only things that would change if the Board adopted what went out a couple of weeks ago, would be we would just plug in that scope of work and those available funds and the way we would treat the potential of 87 appropriations. I would even be willing to reflect the ICCA-IV agreement and say, that there are appropriations in subsequent Fiscal Years, this contract could be amended to reflect the scope of work expanded to meet those appropriations.

But, as I said, I do not think——

Mr. HOYER. Could or would? I think that is a very significant difference. What you said, it could be amended.

Mr. STANLEY. Oh, it would be, it would be.

Mr. HOYER. That is what you meant?

Mr. STANLEY. Sure, but the contract, that hopefully we would agree to would really just be a contract incorporating the Board action, our agreement with it and some of those other principles that we have talked about in the past.

NEW CONSTRUCTION PROGRAM

Mr. HOYER. Ms. Turner, I would like to hear your comments on what has been said, because I think that is going to be a key element of this 30-day time frame or 44-day time frame, 30 plus 14.

Ms. TURNER. As I indicated earlier, we were pleased to have an opportunity to brief Mr. Stanley and his key staff on the proposed plan on Monday. Obviously, our hope is that we reach agreement on the scope of the project. We also hope that we have reached an understanding that any Federal requirements leading to release of those funds be stated up front; and that once we meet those requirements, our funds must be released. We do not want to find ourselves with another 18 months of negotiating a full funding agreement or dealing with some new requirements that is not on the table at this time.

Mr. **Stanley**. And I would say, if I were negotiating for WMATA, in terms of the release of the funds, I would put in a full funding contract, that if we sign this, you are going to release them, you know, after the signing ceremony.

Ms. **Turner**. Yes, we would be happy to do that before the signing ceremony. [Laughter.]

Mr. **Hoyer**. Thank you, Mr. Chairman.

Mr. **Lehman**. If there are no other questions then we will conclude the WMATA hearings. We thank you all for being with us.

We will adjourn the hearing and we will return at 3:00 p.m. to begin the UMTA hearings.

Ms. **Turner**. Mr. Chairman, I want to thank you very much and thank the Committee for your continued support of Washington Metro. We are committed to building the system with the highest degree of integrity and to operating with the greatest degree of reliability.

QUESTIONS SUBMITTED BY HON. LAWRENCE COUGHLIN

Mr. **Lehman**. Thank you.

Mr. Conte and Mr. Coughlin have some additional questions for the record which we will submit.

FOURTH INTERIM CAPITAL COST AGREEMENT

Mr. **Coughlin**. Last year, the Fourth Interim Capital Cost Agreement (ICCA-IV) set forth an orderly program for completion of 89.5 miles of the Metro system. This is to be financed by the remaining $960 million in Stark-Harris funds, as well as the continued commitment of local funding, for a total of $1.2 billion.

Does ICCA-IV anticipate construction in operable segments?

[The information follows:]

WMATA response:

The ICCA-IV is based on construction to operation of four operable segments: Anacostia to U Street; Silver Spring to Wheaton; King Street to Van Dorn; and Fort Totten to Greenbelt.

UMTA response:

Taken in its entirety, the ICCA-IV does not result in any portion of the construction undertaken being an inoperable segment. However, in its implementation, the ICCAS-IV does not proceed with the construction program in an orderly fashion. For example, portions of the outer Green Line to Greenbelt will be under construction before the critical connection to the Red Line, the Ft. Totten station, has been designed. In this period of uncertainty regarding future funding of the WMATA Metro rail program the ICCA-IV may result in inoperable segments being constructed if the agreement is not amended.

OPERABLE SEGMENTS

Mr. **Coughlin**. Are operable segments mandated under Stark-Harris?

[The information follows:]

The Stark-Harris legislation does not specifically provide that Metrorail segments are to be constructed in "operable segments." It does provide, however, that the funds made available under it ". . . shall be subject to terms and conditions that the Secretary may deem appropriate for constructing the Adopted Regional System in a cost-effective manner." The Department has implemented this provision by applying the requirements applicable to section 3 grants under the UMTA Act to Stark-Harris funding. Among those requirements is one that letters of intent only be issued to complete an operable segment, and this is a "cost-effective" term and condition that we have applied to WMATA.

Mr. COUGHLIN. Are operable segments mandated under Section 3?

Are operable segments mandated by practice of the Department of Transportation dating from at least 1976?

[The information follows:]

Section 3(a)(4) of the UMT Act provides procedures applicable to the issuance of a letter of intent, the vehicle generally used to approve a major capital project. Among those procedures is one that states "The amount stipulated in the letter, when issued for a fixed guideway project, shall be sufficient to complete an operable segment".

The requirement concerning the construction of operable segments does not date back to 1976. The concept of operable segments has evolved over the years in an effort to assure the efficient expenditure of Federal funds. An early approach to the problem can be found in the *Federal Register* of September 22, 1976. UMTA published a policy statement entitled "Major Urban Mass Transportation Investments". Section B. INCREMENTAL DEVELOPMENT states "Where an area's comprehensive long range transportation plan calls for the creation of a fixed guideway system, the system should be proposed for implementation incrementally". This was the forerunner of the system of project implementation by operable segments.

In addition, one of the primary purposes of the UMT Act is "to assist in the development of improved mass transportation facilities. . . ." If local transit authorities are utilizing Federal funds to construct only portions of facilities which, as a result of a financial inability to complete those facilities, cannot be used for mass transit services, then one of the basic purposes of the act is not being met. UMTA cannot make grants which will not result in useable, operable transportation facilities.

Mr. COUGHLIN. I understand that the $20.6 million Grosvenor station sat idle for six years until the Red Line was opened in August of 1984 and that the $16.1 million Waterfront station has been completed for eight years and will not be used for at least four more years.

Do WMATA's current plans anticipate continuation of such an illogical practice?

[The information follows:]

WMATA does not plan to construct any stations that will be completed long before going into revenue service.

DELAY OF INNER GREEN LINE

Mr. COUGHLIN. The Inner Green Line is my favorite segment. It serves the most transit dependent group, and probably, one of the lowest from a socio-economic point as well.

These are the people who should have received the service first, not last. Despite the dispute over the end of the Green Line at Rosecroft Raceway, or Branch Avenue, why has the Inner Green Line been held-up for so long?

[The information follows:]

Delays have been imposed on this line for several years. When UMTA mandated the Alternatives Analysis Study in 1976, several alternative alignments were studied. In 1978, upon completion of the Alternatives Analysis Study, it was proposed to move the alignment and have a terminal station at Rosecroft. This action delayed work on the Inner Green Line because of its impact on the location of the Anacostia Station.

Public hearings were held in December, 1977 proposing the revision of the ARS-68 F Route Branch Avenue Alignment, in 1978 the Board adopted the Southern Crossing—St. Elizabeth's B Alignment in the District of Columbia and in early 1980 the Board adopted the Rosecroft Alignment in Prince George's County. By order entered on February 20, 1981, the United States District Court for the District of Maryland found those hearings to be inadequate and thereafter on March 16, 1982, the Court issued an injunction enjoining all activity and expenditures on the entire F Route. As a result of this Order new public hearings were held on the Board's proposal to relocate the F Route in the District of Columbia and in Prince George's County, Maryland, in June, 1982 and by Resolution adopted November 18, 1982, the Board again adopted the Southern Crossing—St. Elizabeth Alignment. Thereafter, WMATA filed a Motion to Dissolve the Injunction which was denied by Order entered August 3, 1983.

On March 6, 1984 the Court approved a stipulation between all parties involved in the litigation which permitted Board action to allow construction to proceed on that portion of the Route from Waterfront Station to Anacostia Station. The stipulation also provided that the Board would hold new public hearings on the outer F Route from Anacostia Station to the route's terminus. Those hearings were subsequently held on July 23, 24, & 25, 1984. The injunction was removed in December 1984.

LABOR COSTS

Mr. COUGHLIN. A little less than 6,000 of your 7,000 employees belong to the Local 689 of the Amalgamated Transit Union. Their contract expires in April 1986. What is the status of the negotiations?

A newspaper article this year reported that Metro "stock clerks" earn $30,000 a year. Metro Board members seemed to blame the Union and suggested getting out of this situation through the use of a two-tier proposal. People already getting the salary would continue, but new hires would begin at lower levels.

What is being done to hold down labor costs?

[The information follows:]

The Authority has achieved savings in labor costs in the following areas:

The labor contract in effect with Local 689 from May 1, 1983 to April 30, 1986 was the first contract negotiated at WMATA to eliminate the automatic cost-of-living adjustment tied to the consumer price index. The contract provided for wage rate increases of:

	Percent
May 1983	0
May 1984	6.5
May 1985	6.5

While this provision has not resulted in a major savings thus far, it represents a significant step forward in establishing a new base for future negotiations.

As part of the FY 1985 reorganization and the FY 1986 budget process, administrative staffing levels were reviewed and 48 positions were eliminated.

Considerable effort is made to develop efficient scheduling of rail and bus operators to reduce staff requirements.

Where economical and feasible, the Authority is making efforts to contract out certain functions.

FARE COLLECTION EQUIPMENT

Mr. COUGHLIN. I read with interest about the controversy over Metro's decision to purchase additional fare collection equipment from the present supplier, Cubic Western Data Corporation. It has taken some time to get the present equipment working at an acceptable level of reliability.

If the contract goes to a new supplier, who has never made this equipment or placed it in revenue service, do you not run the risk of major operational problems and added costs?

WMATA and Cubic must have an agreement covering Cubic's proprietary information. How can one ensure compatibility between two types of vending machines, gates, etc., without violating trade secrets?

[The information follows:]

Anytime you go to a new supplier and request that they build a complex and sophisticated piece of equipment for you to interact with existing equipment, you run some risk of operational problems and added costs. The risk increases if you are not able to furnish them with certain technical data for production of parts and or software for the interaction of equipment.

Compatibility can be tested by placing the equipment on a revenue mezzanine to check equipment compatibility and patron operational problems.

Mr. COUGHLIN. Does the French firm receive subsidies, so the competition is, in fact, not competitive?

[The information follows:]

WMATA has not made an evaluation of ALTA at this time. If the new fare collection equipment contract is a competitive bid and ALTA submits a proposal, this proposal will be evaluated at that time.

A copy of the Dun and Bradstreet Financial Report on ALTA states:

"ALTA is a subsidiary of Compasnie Generale d'Automatisme (CGA) Paris, France. Parent Co. owns 100% of capital stock.

"Compasnie Generale d'Electricite (CGE), Paris, France owns 100% of CGA."

QUESTIONS SUBMITTED BY HON. SILVIO O. CONTE

Mr. CONTE. I was pleased to learn of the Board's agreement in principle on a construction plan that should meet UMTA's requirements for the release of fiscal year 1985 and 1986 appropriations.

Can you tell us what the schedule is for approval of this plan by the various jurisdictions, and whether there has been any consideration of this plan as yet by UMTA?

[The information follows:]

The Authority requested responses from the jurisdictions on the plan by May 1, 1986. Depending on the results of the jurisdiction review, the plan will be approved at the earliest possible date.

The Authority forwarded a copy of the proposed plan to UMTA and received a response from Mr. Stanley on April 2, 1986. The letter stated that the proposed plan represented ". . . an honest, good faith, effort . . ." to comply with the UMTA requirements. The details of the plan are still under review at UMTA.

UMTA response:

WMATA requested the various jurisdictions to comment on or approve the plan by May 1, 1986.

While WMATA has presented the plan to UMTA and has briefed UMTA as to its contents, it would be premature for UMTA to comment on it until it has been approved by the jurisdictions.

Mr. CONTE. How much of the 1985 and 1986 appropriations for Washington Metro have not yet been made available to Metro?

[The information follows:]

To date, the Authority has received $75 million of the $250 million appropriation for FY 1985 and none of the $217 million available for FY 1986. When matched, the delay in funding is holding up $590 million of FY 1985 and FY 1986 work.

EXTENSION TO VIENNA

Mr. CONTE. When is your extension to Vienna expected to open?

[The information follows:]

The rail operation to Vienna will begin on June 7, 1986. The bus/rail interface plan for this corridor will be effective on June 22, 1986.

Mr. CONTE. What impact will the Vienna extension have on your need for additional rail cars, and how will it affect schedules and headways on the Orange Line?

[The information follows:]

All trains on the Orange Line will be operated as six car consists, increasing the number of cars needed to operate this line from 72 cars today to 138 cars with the Vienna operation. The current headway of six minutes during peak period and twelve minutes during off-peak will be maintained.

Mr. CONTE. What additional operating costs will be associated with the Vienna extension?

[The information follows:]

Rail operating costs for the extension to Vienna will cost $8.6 million in FY 1987. This will be offset by $6.4 million of passenger revenues for a net subsidy increase of $2.2 million.

Mr. CONTE. In your opening statement, you mentioned the tremendous amount of development, both commercial and residential, that has been associated with Metro service extensions. Have you considered trying to capture some of the value of that development, either through special taxing districts or other means?

[The information follows:]

The Authority is very restricted in this area since the Interstate Compact creating WMATA did not provide taxing authority.

Mr. LEHMAN. The Subcommittee will adjourn until 3:00 p.m. today.

WEDNESDAY, APRIL 9, 1986.

URBAN MASS TRANSPORTATION ADMINISTRATION

WITNESSES

RALPH L. STANLEY, ADMINISTRATOR
ALFRED A. DELLIBOVI, DEPUTY ADMINISTRATOR
JOSEPH A. LASALA, CHIEF COUNSEL
KENNETH W. BUTLER, ASSOCIATE ADMINISTRATOR FOR BUDGET AND POLICY
RAYMOND J. SANDER, EXECUTIVE DIRECTOR
ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR GRANTS MANAGEMENT
FRANZ K. GIMMLER, ASSOCIATE ADMINISTRATOR FOR TECHNICAL ASSISTANCE (ACTING)
BILL HAWES, GENERAL MANAGER, TRANSIT SERVICE CORPORATION
DOROTHY YOULL, CITIZENS ADVISORY BOARD, CTA

Mr. LEHMAN. The Subcommittee will come to order.

We will receive testimony on the fiscal year 1987 budget for the Urban Mass Transportation Administration at this time. Our principal witness today is the Administrator, Mr. Ralph Stanley. We will be pleased to hear your statement at this time. You may read it, or if you prefer to summarize it, we shall insert your entire statement in the record.

OPENING STATEMENT

Mr. STANLEY. Thank you, Mr. Chairman.

I've submitted a formal statement for the record, and would like to summarize the major points.

Last year I came before you to argue that we could no longer afford to spend tax dollars from the General Fund of the Treasury to fund programs that accrue benefits locally. This year, thanks to the commendable action of Congress in making the Gramm-Rudman-Hollings amendment a reality, our message becomes even more urgent. In order to meet the deficit reduction goals specified in the legislation, we believe the priorities of the UMTA program must take a new direction.

We're proposing legislation that would reduce transit costs, strengthen local decision making, and improve quality through the introduction of competitive bidding and direct private investment.

The legislation will provide local officials with flexibility to become more innovative and efficient in the expenditure of funds.

Because of the dynamic nature of our urban areas, a program with increased flexibility would make sense. In the last 20 years, the dominant urban transportation demand has shifted from a traditional, focused central business district orientation, to a diffuse suburban one.

The suburbs have evolved from simply being the home of most urban Americans, to being their employment location as well. As an illustration, between 1970 and 1986 the central business districts defined by the Census for the nation's 25 largest cities collectively added less than 100,000 new jobs, going from about 2.5 million to 2.6 million.

At the same time, the suburban portions of those 25 urban areas added over 4.3 million jobs, going from 9.7 million to over 14 million, for a gain of over 40 percent.

For example, 35 percentage of the people going to Washington's core for work use transit. However, only about 400,000 jobs of the region's 1.8 million are in that urban core.

Intra-suburban work trips are less than 3 percent on transit, despite the excellent coverage of both the bus and rail systems.

In fact, even where jobs are located within walking distance of suburban Metrorail stations, such as New Carrollton, less than 5 percent of the employees use transit to go or from work.

This means, Mr. Chairman, that if we are to alleviate rapidly growing suburban employment center congestion, as well as provide a basic level of public mobility, we must begin to implement a creative mix of transportation services and facilities.

PROPOSED HIGHWAY-TRANSIT BLOCK GRANT

The ideal mix for a given situation can only be determined by objective analysis, and cannot be implemented if planning and programming are distorted by a modal breakdown in the availability of Federal funds. That is why we have proposed legislation that would create a new Highway-Transit Block Grant program in which $2.2 billion from various highway programs would be combined with $1.1 billion from the Mass Transit Account for a total funding level of $3.3 billion.

If the legislation we propose were passed, it would mean for the first time since the inception of UMTA state and local governments would be able to base transportation decisions on needs, rather than choosing projects in order to maximize the availability of Federal highway or transit funds.

Shifting responsibility at this time seems particularly appropriate, since States are in sounder fiscal condition than the Federal government.

According to the National Governors' Association, the 50 States have a surplus of about $10 billion in 1985. Also, States and localities, I believe, have the resources necessary to generate additional revenue for transit. For example, the Municipal Assistance Corporation (MAC) of New York City was formed when New York's credit had deteriorated to the point that they could not sell debt. MAC sold bonds to raise funds for New York. Those bonds were serviced by various revenue commitments pledged to MAC. One of MAC's chief advantages was that it was in a position to force financial responsibility on the city, since without the agreement of MAC, New York would not receive the funds it needed.

MAC is now enjoying a surplus, and part of that surplus, I'm pleased to see, is going to fund transit.

The MTA will get $925 million over nine years for capital needs. This amount represents about 20 percent of the total amount of Federal capital assistance provided to New York City in 1985. This illustrates that surpluses of states and local governments can be used for transit.

OPERATING SUBSIDIES

In the debates on Federal operating subsidies a decade ago, Congressman Conte of Massachusetts said on the floor of the House:

> I will tell you you are going to open Pandora's box. Of course, the only way I can prove this is if you are around and I am around ten years from now and I can say let us go back and look at the record. Every union leader and every mass transit system in the country will put a gun at the head of UMTA stating, look at it. That money is coming. You have nothing to worry about. It is coming from the Federal government, and therefore we ought to have that wage increase.

It has been ten years, Mr. Chairman, and Federal operating subsidies have distorted service decisions and have substituted for increases in local fare box revenues, allowing real user costs to decline, while State and local taxpayer contributions almost tripled. Most, in part to match Federal dollars.

Between 1965 and 1983, transit costs increased more than twice the rate of inflation. This can be attributed directly to excessive labor compensation, declining productivity, and a counterproductive attempt to adjust to changing mobility patterns.

For example, the total annual compensation for bus drivers is as much as 150 percent higher than for comparable public and private employees. The average annual starting salary for a bus driver at WMATA is about $28,413 in total compensation, compared with $21,000 for police officers, $19,000 for firefighters, and $18,670 for school teachers in Arlington County.

The related shift I discussed in home and job locations has resulted in a decline in the total utilization of transit. An analysis of our Section 15 data shows that the number of passengers per vehicle mile has dropped 7 percent since its peak in 1979, returning to the same downward trend experienced between the end of World War II and 1975.

The combination of these cost increases and a drop in usage leads to an increase in the cost per rider of 129 percent in real terms since 1965.

The user is now paying only 40 percent of the operating costs of transit, and little if any direct capital costs. With declining Federal subsidies, transit will reach a crossroads in the near future, and will not survive unless changes are made.

I believe localities need to re-examine their needs and establish a competitive market for meeting them. Without a competitive atmosphere for acquiring transit service, local and Federal taxpayers have no assurance that the disciplines of the marketplace are working to assure efficiency and productivity.

SECTION 3 DISCRETIONARY GRANTS

Since 1982, funds provided under our Section 3 discretionary grant program have reached only 19 States. In fact, three fourths of this account, the Rail Modernization and New Start funds, by far the largest portion of discretionary grants, goes to only 20 cities.

It is not an equitable distribution of a nationally collected gasoline tax.

But regardless of the source of funding, there are inherent problems in allocating discretionary funds. Congress' well established tendency to earmark the funds has created enormous political pressure to fund both inefficient and expensive systems.

From 1984 to 1986 Congress earmarked over $1.2 billion for new transit systems and extensions in 13 cities, without sufficient regard to the relative merits of the systems, or the ultimate financial responsibility to complete them.

A billion dollar 20 mile rail system in Miami that was initially projected to carry 200,000 passengers and meet its operating costs from revenues currently is carrying about a tenth of that number, and recovering only about 25 percent of the operating costs from the fare box.

The Miami Urbanized Area (UZA) received approximately $917 million in capital grants in the 20 years from 1965 to 1985. In Section 3 funding alone, Miami has received $789 million from fiscal year 1976 to 1985, about $79 million a year.

Now that Section 3 is funded entirely by the one cent gas tax, Miami is estimated to contribute about $19 million a year to the fund.

The Jacksonville starter line is a downtown people mover now under construction which will extend seven tenths of a mile from the edge of downtown to an unbuilt convention center. The line serves no residential areas, but local officials claim it will be able to handle a forecasted ridership of just under 10,000 daily riders.

On May 18th, 1984, UMTA published a proposed major capital and investment policy. That proposal tried to provide a valid methodology for rating New Start proposals according to quantitative criteria, the results of which could be used as a benchmark for basing funding decisions

However, that proposal was rejected.

We believe the decision to build a new fixed guideway system should be governed by local political and fiscal constraints. Such a decision shouldn't be influenced solely by the availability of a Federal grant The administration has concluded, Mr. Chairman, that the only way to prevent squandering of this scarce resource is to no longer make it available on a discretionary basis.

PUBLIC-PRIVATE PARTNERSHIP

Sections 3(e) and 8(e) of our current Act of 1964 specifically state, and I quote, that "no financial assistance shall be provided under this Act . . . unless the Secretary finds that such program, to the maximum extent feasible, provides for the participation of private mass transportation companies."

However, the monopolistic structure of public agencies has prevented the private sector from participating in important planning and service decisions in their region. Increasingly, public agencies are recognizing the need to make changes to their policy role, and the role of the transit operator, so that they can have the tools to be flexible in a very uncertain budget environment.

To encourage the cost-effective use of resources, and assure further flexible responses to these changing transportation needs, our proposal calls for a public-private partnership, a partnership where more extensive competition in the provision of service will reduce costs and improve the quality of transit.

In each urbanized area receiving Federal transit funds, a portion of service would be reserved for competition each year. The amount would be five percent of the local transit operating budget the first year, increasing to 20 percent by the fourth.

A local process would be required to select and compete service with equitable participation by public and private operators.

Studies are showing that communities can achieve ten to 50 percent savings when competitively contracting a service. Assuming an average 20 percent saving under our competitive services proposal, we can expect that communities could achieve savings over a four year period of at least $700 million.

Current working examples include Dallas, Texas, which has contracted with Trailways to provide express commuter service, a case where new service has been provided because of the potential cost savings of competition. 10,000 passengers a day use this new service, up from 3,500, and Trailways has saved the city $9 million in the first year of the express commuter program. Commuting time for people using express buses has been reduced by as much as one half an hour in time.

A number of transit properties have entered into a collective bargaining or Section 13(c) agreements that prohibit or limit contracting out of work. This is an example of one of the ways in which Section 13(c) is having a harmful, negative effect now that it has outlived its original purpose. Section 13(c), as you are aware, requires fair and equitable arrangements to be in place to protect employees that might be adversely affected by UMTA financial assistance.

The provision was intended to protect existing rights, privileges and benefits of employees, continue their collective bargaining, and protect individual employees against a worsening of their positions during the era of public take-over of private operators.

In addition to restricting private sector participation, the 13(c) provision inhibits innovation, and has been used as leverage to gain new rights, such as interest arbitration. It has delayed projects, and has interfered with the local collective bargaining process by giving an opportunity to re-open existing contracts, and hold Federal assistance hostage until a new agreement is reached. It is for these reasons that our legislative proposal does not provide for the application of 13(c) to the new grant programs.

Private sector involvement in capital infra-structure development, through direct investment, or public-private joint ventures in new rail systems, extensions, and modernization also offers an opportunity for considerable savings, thereby greatly reducing reliance on Federal assistance.

New York City, as I mentioned earlier today, is working with local developers to build a rail line along New York's West Side. The area is currently very poorly served by transit, and has very limited parking. Most of the line would use a freight railroad right of way, which would extend about 12 and a half miles, from the George Washington Bridge to South Street on the East River. The line would serve Donald Trump's proposed Television City, the Jacob Javits Convention Center, Penn Station and connect with the George Washington Bridge and Trans-Hudson commuters.

Development in that corridor includes 3 million square feet at Columbia Presbyterian Hospital; the Port Harlem project; the Trump project, 19 million square feet at Penn Yards; the Hudson River Center; Battery Park, and 4,000 residential units there; South Ferry Plaza, which has 1.5 million square feet; and the East River Landing, with 5.5 million square feet. In addition, there are a number of vacant, or underutilized sites which would be prime for development. The total value of this construction would be well over a billion dollars. Private developers, in order to secure easy access to their properties, are expected to make major contributions to that proposal.

Mr. Chairman, that concludes my brief statement. The approach I've described, limiting the Federal transit program to user fees, competitive bidding for services, more flexible programs with increased local decision-making, and private capital investment in public transportation, I believe, will move the nation closer to the deficit reduction goals required by Gramm-Rudman-Hollings, and produce a transportation system more responsive to the people who use it.

[The statement of Mr. Stanley follows:]

STATEMENT OF RALPH L. STANLEY
ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES, ON WEDNESDAY, APRIL 9, 1986

Mr. Chairman and Distinguished Members of the Subcommittee, I appreciate this opportunity to appear before you today to discuss our Fiscal Year 1987 budget proposal.

Mr. Chairman, last year I came before you to argue that we can no longer afford to spend tax dollars from the General Fund of the Treasury of the United States to fund programs that accrue benefits locally. This year, thanks to the commendable action of Congress in making the historic Gramm-Rudman-Hollings Amendment a reality, our message becomes even more urgent. In order to meet the deficit reduction goals specified in this legislation, we believe that the priorities of the UMTA program must take a new direction. In response to this need, we are proposing legislation that will reduce transit costs, strengthen local decisionmaking and improve quality through the introduction of competitive bidding of transit services and direct private investment in transit projects.

As competition for limited resources grows more intense, it becomes increasingly important that local officials become more innovative and efficient in the expenditure of funds, and have the flexibility to do so.

However, the structure of the current transit and highway programs leads to duplication, a lack of coordination and distorted decisionmaking. Local decisionmakers could decide better how available Federal highway and transit funds should be spent if they were not constrained by unnecessary regulations governing the way in which money can be used. Therefore, we propose legislation that would create a new Higway-Transit Block Grant program. $2.2 billion from various FHWA programs would be combined with $1.1 billion from the Mass Transit Account for a total funding level of $3.3 billion.

Our proposal would allow flexibility in the way that transit and highway funds could be used. In areas where transit is the highest priority, funds from the Highway Trust Fund, now only available for Federal Aid Urban System, Secondary and related Bridge Programs, could be used for transit capital projects. Conversely, in areas where highway needs are greatest, funds now exclusively available for transit could be used for highway improvements. If the legislation we propose were passed, it would mean that for the first time since the inception of the UMTA program, State and local governments would be able to base transportation decisions on real needs, rather than choosing projects in order to maximize the availability of Federal highway or transit funding.

A shift in responsibility at this time seems particularly appropriate since States are in sounder fiscal condition than the Federal Government. Studies have shown that the 50 States had a surplus of almost $10 billion in 1985, and are conservatively projected to have a surplus of about $7 billion in fiscal year 1986. Moreover, transit accounts for only 1 percent of State and local budgets. And, most importantly, major structural changes are needed because the mass transit program is suffering from problems that Federal dollars alone will never solve.

The State of Mass Transit

In 1974, in an effort to help transit operators survive the strains of sudden expansion due to the fuel shortage, legislation was passed enabling a portion of Federal transit assistance to be used for operating purposes. When originally enacted, this temporary legislation was seen by many as "emergency" legislation and experimental in nature. Unfortunately, the temporary fix has turned into a debilitating and costly addiction.

Federal operating subsidies have distorted service decisions and have substituted for increases in local fare box revenues, allowing real user costs to decline, while State and local taxpayer contributions almost tripled--in part to match Federal dollars. Of the $8.0 billion invested in Federal operating assistance, about $2.0 billion has been used for wage increases beyond the cost-of-living, $1.5 billion has been absorbed by lower productivity, and $2.0 billion has been used to keep fares artificially low. Only $1.0 billion, an eighth of the total Federal resource, has been used to provide extra service.

Between 1965 and 1983, transit costs increased more than twice the rate of inflation. This can be attributed to excessive labor compensation, declining labor productivity and the inability of transit to adjust to changing mobility patterns. For example, the annual compensation for bus drivers is as much as 100 percent higher than for comparable public or private employees (Urban Institute study, 1986). In addition, according to a study done by Don Pickrell of Harvard, in 1983, it took 7 percent more labor hours of all types to produce a vehicle mile of transit service than in 1975. In all urban areas, employment is growing fastest in the suburbs. White collar employment in the suburbs has grown 53% since 1970 while it has only grown 18% in the central cities (Section 15 report, 1984). Transit systems have responded to this change by "chasing" their market to the suburbs. Traditional transit services in the suburbs has proven to be far more costly to provide than in the denser central city. The net result--mobility problems haven't been solved, and service per route mile has decreased 15% in the last 14 years, while costly route miles have increased 45% (Section 15 report, 1984).

Despite the billions of dollars invested, transit has still lost market share in the last 14 years in the United States. Transit's share of trips has declined from 3.4% TO 2.6% (Nationwide Personal Transportation Study, 1983).

The structure of the Federal program has discouraged prudent cost-efficient decisionmaking and investment practices. With the Federal Government providing up to 80 percent of the cost of capital investments, decisions are predicated more often on the availability of Federal grants rather than mobility needs.

Discetionary Grants/New Starts

Since 1982, funds provided under our Section 3 discretionary grant program have reached only 19 States. In fact, three-fourths of this account, the rail modernization and new starts funds--by far the largest portion of the discetionary grants account -- goes to only 20 cities. This is not an equitable distribution of the nationally collected gasoline tax. Instead, receipts of the tax should be allocated nationally, so that, to the greatest degree possible, all payers of this tax may benefit from it. Moreover, regardless of the source of funding, there are inherent problems in allocating discretionary funds. Congress' well established tendency to earmark these funds has created enormous political pressure to fund inefficient and expensive systems.

From 1984 to 1986, Congress earmarked over $1.2 billion for new transit systems and extensions in 13 cities without sufficient regard to the relative merits of these systems or the ultimate cost to complete them.

Congress has directed the funding of preliminary engineering of a $339 million rail system in St. Louis that will reduce ridership compared to improved bus service. This is a city that has been forced to reduce bus service over 30% in recent years since it lacks adequate funds to operate existing bus service let alone operate a new costly rail system.

A billion dollar 20 mile rail system in Miami, built at the direction of Congress, initially projected to carry 200,000 passengers daily and meet operating costs from revenues, currently carries about one-tenth this number and recovers only about 25 percent of its operating costs from the farebox.

On May 18, 1984, UMTA published its proposed Major Capital Investment Policy. This proposal provided a valid methodology for rating new start proposals according to quantitative criteria, the results of which could be used as a benchmark for basing funding decisions. However, our proposal was rejected.

As long as Federal funding is available to pay for 80 percent of the cost of new fixed rail projects, local officials will be tempted to build or extend systems that they would not ordinarily undertake if they were using their own local tax dollars. We believe that the decision to build a new fixed guideway system should be governed by local political and fiscal constraints. Such a decision should not be influenced by the availability of a Federal discretionary grant.

This nation can no longer afford to spend billions of dollars on projects paid for by all taxpayers for the benefit of a few. The Administration has concluded that the only way to prevent the squandering of this scarce resource is to no longer make it available on a discretionary basis.

Competition and Public/Private Partnerships

The monopolistic structure of public agencies has prevented the private sector from participating in important planning and service decisions in their region.

With Federal funds capped, and continued rising costs, State and local governments have had to make up the shortfall. This is creating pressures to reexamine fare policies and pay closer attention to efficiency and productivity. Increasingly, public agencies are recognizing the need to make changes to their policy role and the role of transit operator so that they can have the tools to be flexible in a very uncertain budget environment. To further encourage the cost-effective use of resources and assure flexible responses to changing transportation needs, our proposal calls for a public/private partnership -- a partnership where more extensive competition in the provision of services can reduce costs and improve the quality of transit.

In each urbanized area receiving Federal transit funds, a portion of service (operations and maintenance) must be reserved for competition each year. The amount would be 5 percent of the local transit operating budget the first year, increasing to 20 percent by the fourth. A local process would be required to select and compete service with equitable participation by public and private operators. Studies are showing that communities can achieve 10 to 50 percent savings when competitively contracting service. Assuming an average 20 percent savings under our competitive services proposal, we can expect that communities could achieve savings over a four year period of at least $700 million.

Under our legislative proposal, private operators would be involved at the earliest stages of transportation planning and would have to receive fair consideration as service providers. The introduction of greater competition through competitive bidding of service and maintenance should also significantly reduce operating costs and the need for Federal subsidies, as it has already in many cities.

In Chicago, Illinois seven private bus companies, operating a total of 236 buses, provide daily commuter service for 20,700 riders through rider organized "bus clubs" or through arrangements with private employers. Service is available on 116 different routes.

Dallas, Texas has contracted with Trailways to provide express commuter service - a case where new service has been provided because of the potential cost savings of competition. 10,000 passengers a day use this new service and Trailways has saved the city $9 million in the first year of the express commuter program.

Under an UMTA planning grant, Oakland County, Michigan, officials studied the feasibility of instituting privately provided transit services as an alternative to service provided by the Southeastern Michigan Transportation Authority (SEMTA). The study showed that by contracting out service the County could save up to $3 million of the current $6.6 million annual subsidy contribution to SEMTA. The report recommends that the County provide only a policymaking role and not involve itself in day to day operations, and that competitively-bid contracts with private operators should be used for service operations.

Opponents of our proposal have indicated that service cannot be contracted out citing section 13(c) as the reason. Section 13(c) requires that fair and equitable arrangements have been made to protect the interests of employees affected by UMTA assistance. This does not mean, however, that the private operator must use public employees as the only solution available for the protection of employees when service is contracted out. There have been cases where attrition has taken care of the jobs lost to the public system. Also, the public body involved can often assimilate displaced employees into other public jobs.

For example, two years ago, Tucson, Arizona turned its demand-responsive elderly and handicapped service over to a private operator. This required that 40 employees, who were protected under 13(c) agreements, be absorbed into the city work force. This was done over a period of a year, without any major disruption.

Private sector involvement in capital infrastructure development through direct private investment or public/private joint ventures in new rail systems, rail extensions, and station modernization, also offers opportunity for considerable savings, thereby greatly reducing reliance on Federal assistance. For example -- private developers in Orlando, Florida, are working on a plan to build and fund a 12-mile rail system connecting Disney World and International Drive.

Private developers have constructed a peoplemover to connect Harbour Island with Downtown Tampa. This project has involved no government subsidy, at any level.

Two private groups have proposed building a rail line to nearby Dulles Airport, connecting with the Washington Metro system at West Falls Church, Virginia. A Congressionally directed feasibility study found that such a line could be built without Federal funds and the private sector could provide the service at a third less than could government. Non-user beneficiaries, such as land owners and business could provide the funds needed, without requiring general revenues from local governments.

New York City is working with local developers to build a rail line along New York's West Side. The area is currently poorly served by transit and has very limited parking. Most of the line would use a freight railroad right of way and would extend approximately 12.6 miles from the George Washington Bridge to South Street on the East River. The line would serve Donald Trump's Television City, the Jacob Javits Convention Center, Penn Station and connect with the George Washington Bridge and Trans-Hudson Commuters. In addition, the line is closely tied to over 100 million square feet of mixed-use proposed or projected development in the corridor. Private developers, in order to secure easy access to their properties, are expected to make major contributions to the financing of the line.

Greater involvement by the private sector and the introduction of competition through competitive bidding of service and maintenance is a significant feature of this Administration's policy. It is in the best interest of the industry and this subcommittee which has worked so hard for public transportation to consider and act upon our recommendations.

Fiscal Year 1987 Budget

Let me now turn to the specific accounts in our budget proposal.

In FY 1987, the entire UMTA program would be funded from the Mass Transit Account of the Highway Trust Fund. The budget request is for $1.22 billion, this level matches the estimated annual one-cent gas tax receipts to the Mass Transit Account during the four year authorization period (FY 1987-FY 1990). Because the program would no longer receive funding from general taxpayer revenues, it would no longer contribute to the Federal deficit. Moreover, limiting transit funding to receipts to the Mass Transit Account, is consistent with the Administration's goal of funding Federal transportation assistance programs primarily with user fees.

Formula Funds

Under our legislative proposal funds from the Mass Transit Account -- as well as certain funds from the Highway Account -- would be the sole source of funding for a combined transit and highway block grant program. Under the new program, after setting aside funding for UMTA's Administrative expenses, the Research, Training, and Human Resources program, Planning, and the Elderly and Handicapped program, $1.1 billion would represent UMTA's contribution to the block grant program. As discussed previously, funding would be available for either transit or highway projects at State and local discretion. Rather than requiring detailed Federal review before releasing the funds as grants, UMTA and FHWA would receive assurances from the States that they were in compliance with minimal Federal requirements. Funds would be made available for capital assistance in all areas and for operating assistance in areas under 200,000 in population only. These are the areas most heavily dependent on current Federal operating assistance.

Elderly and Handicapped Program

Our fiscal year 1987 budget proposal would continue funding for the elderly and handicapped program. In fact, the level we have requested, $35 million, is higher than the fiscal year 1986 level.

Planning

Our fiscal year 1987 budget proposal includes $30.5 million for planning. These funds will be distributed to State and local officials on the basis of an administrative formula, as is currently done.

Interstate Transfer Grants-Transit

The Administration proposes to discontinue funding Interstate transit substitution projects from the general funds and to fund them with revenues from the Highway Trust Fund. We believe that this proposed funding arrangement is more in line with the original intent of the Interstate Transfer program.

Washington Metro

The Administration does not request any funding for construction of the Washington Metrorail system. It would be unfair to continue to fund the Washington system when the funding for other new start systems is being terminated. After receiving nearly $5 billion in Federal funding, it is time for the Washington metropolitan area to dedicate a source of local funding for its needs. The District could use its share of Transportation Block Grant resources to continue Metrorail construction if it desired.

Research and Training; Administration

For fiscal year 1987, we are requesting $19.5 million for Research, Training and Human Resource activities, and $26.8 million for UMTA's Administrative Expenses. Both of these amounts, as well as the funding for the Planning and Elderly and Handicapped programs, would be takedowns from the new $1.22 billion block grant program.

Conclusion

The approach which I have described -- limiting the Federal transit program to user fees -- competitive bidding for transit services -- more flexible programs with increased local decsionmaking -- and private capital investment in public transportation -- will move the nation closer to the deficit reduction goals required by the Gramm-Rudman-Hollings Amendment and produce a transportation system more responsive to the people who use it.

Mr. Chairman, that concludes my prepared statement. I would be pleased to answer any questions that you might have on our budget proposal.

PRIVATE SECTOR—HANDICAPPED SERVICES

Mr. **Stanley**. In addition, before I close, Mr. Chairman, I would like to take this opportunity to introduce Mr. Bill Hawes, the General Manager of the Transit Service Corporation (TSC). Mr. Hawes operates a small, private, for-profit company which provides specialized services for the handicapped in the Chicago area. Six months ago, in competition with 12 other companies, Mr. Hawes and three other companies were awarded contracts for providing services for handicapped individuals.

The Transit Service Corporation is providing this service at a cost which is 50 percent less than that which would have been provided by the Chicago Transit Authority (CTA), and reports that ridership over the last six months has more than doubled from 550 trips per day to 1,200 trips per day.

Sitting alongside Mr. Hawes, Mr. Chairman, is Mrs. Dorothy Youll. Mrs. Youll is one of the patrons of the Transit Service Corporation, and I believe—I talked to her earlier—she can testify to the excellent service she is receiving from the company.

Mr. Chairman, our point is that we already have competitive demonstrations built into our existing systems. The Transit Service Corporation is just one of the many examples in the United States today that's providing ongoing demonstrations on how private, for-profit transit services can work.

Today, nearly 37.5 percent of all elderly and handicapped services are provided under contracts with private, for-profit companies. While these contracts represent only a small portion of the total cost of operations in the United States, it does point out that services offered under our competitive mode can work and will result in significant cost savings.

It has worked for these services, and I think will work when expanded to other types of services as well. With your permission, Mr. Chairman, I would like to give Mr. Hawes and Mrs. Youll the opportunity to briefly address the subcommittee.

Mr. **Lehman**. Without objection.

STATEMENT OF GENERAL MANAGER, TRANSIT SERVICE CORPORATION

Mr. **Hawes**. As Mr. Stanley mentioned, there are four companies involved in the Chicago area in transporting the elderly and disabled, and since going into operation on October the 20th of last year, we have doubled the amount of riders, or rides per day on a one way basis, and have been able to offer service to three times as many clients as the CTA was able to do prior to the inception of this program.

For various reasons, we are competing with three other companies. The riders do have their choice. If we can't offer them the service that they want, we do refer them to one of our competitors. We don't like to do it. So everybody I think is in agreement that we do try to provide as much service as quickly and as on time as possible.

One of the major changes in the operation is that, as far as the clients were concerned, when the CTA turned this over to private contractors, we will accept reservations anytime between five o'clock in the morning and nine o'clock at night. We operate on a 16 hour schedule, seven days a week, 365 days a year.

The CTA limited their reservations, and correct me if I'm wrong, Dorothy, to between eight and nine in the morning of one day for the next day. You had to call in 24 hours in advance. In our system, we do require eight hours, but it's far less than the 24.

Quickly and briefly, that is the description of the changes that have been made since we have been in the business.

TRANSIT SERVICE CORPORATION

Mrs. **Youll**. My name is Dorothy Youll, and let me give you a little bit of my background. Right now I am on the Citizens' Advisory Board for the CTA; I was on the Governor's Task Force for Transportation. I also was one of the people who fought CTA to not contract out our service.

I was really against it, and today I am all for contracting. We have a good service. The drivers are very well trained. They're excellent drivers. They are very courteous. They are understanding, and they really work hard to get us to and from where we have to go.

We've had our problems with the contractors, but we've worked with them. They've made a big difference. The rides are there. In the past, people were being turned down for rides. Today, the number of rides has doubled. When service was changed from CTA, we had 6,900 certified riders. Today, CTA has 8,800 certified riders, and they are carrying 1,200 people per day.

The CTA had never publicized the fact that there was a dial-a-ride for us to get a ride to and from wherever you want to go. You can call the day before, or up to eight hours ahead of time. You do get picked up at your house. You are taken wherever you want to go. It's the same price as the main line service. An able bodied person on the bus pays the same price.

You can't beat the service we have today, and for the number of rides, and the number of people who are riding, it is great. And I really recommend that you would consider a contracting service.

TRANSPORTATION FOR THE HANDICAPPED

Mr. **Lehman**. Thank you very much for your testimony. I just wonder which percentage of your riders are elderly and what percentage are handicapped

Mrs. **Youll**. The ones in Chicago who use the service are only mobility limited.

Mr. **Lehman**. Not the elderly.

Mrs. **Youll**. No.

Mr. **Lehman**. I think Ralph mentioned the elderly and the handicapped. But this is just for the handicapped.

If you have any information that you could give us about other transportation problems of the handicapped, other than urban mass transit, we would appreciate it.

Mrs. **Youll**. The only service that we have as far as the train service goes in the Chicago area is if we use Amtrak. The other train services are not accessible right at the moment. They are looking into making the trains more accessible.

Mr. **Lehman**. If you have problems with the airports or with rail transportation, let us know.

Mrs. **Youll**. Well, so far, the plane flights have been fantastic. They do provide special wheelchairs for people in wheelchairs. Like I said, the only thing that we found is that the trains are not wheelchair accessible.

Mr. **Lehman**. Except for Amtrak.

Mrs. **Youll**. Except for Amtrak which has a special hydraulic lift. Not all the stations have it, but they do have a special hydraulic lift which will put you on the train. They do have a special space for wheelchairs. And that is the only train station that I know that is wheelchair accessible.

Mr. **Lehman**. Mr. Coughlin?

Mr. **Coughlin**. No questions, Mr. Chairman.

Mr. **Lehman**. Mr. Sabo?

PRIVATE SECTOR WAGE RATES

Mr. **Sabo**. I'm just curious. What's your wage scale?

Mr. **Hawes**. For what level?

Mr. **Sabo**. For your drivers.

Mr. **Hawes**. $5.50 an hour.

Mr. **Sabo**. $5.50 an hour.

Mr. **Hawes**. Sounds a little bit different from the transit authority.

Mr. **Sabo**. It sure does That's $220 a week. I hope somebody isn't supporting a family on that.

Mrs. **Youll**. Let's do something different; let's make it sound better. They pay their drivers a very changed fee. The CTA drivers are making $13.85 an hour.

Mr. **Sabo**. And this is $5.50.

Mrs. **Youll**. Right.

Mr. **Sabo**. What's the benefit package? What kind of health insurance benefits?

Mr. **Hawes**. To add on to that, you mean for the total? That would bring it up to $7.25 an hour.

Mr. **Sabo**. There is a health insurance package that the drivers have?

Mr. **Hawes**. Yes. Before we get any further into this, TSC does not actually hire drivers. They lease them from a different company. The name of that company is Transport Drivers, Incorporated. I am not the employer of record as far as these individuals are concerned.

Mr. **Sabo**. What kind of pension plan do they have?

Mr. **Hawes**. None that I'm aware of.

Mr. **Sabo**. No pension. I don't know if that should be our model for this country, saying what we want to do in transit is having somebody make $220 a week. That's about eleven or twelve thousand dollars a year. No pension plan.

Mr. **Hawes**. I agree, but this is a company that's been in existence since October 20th of 1985. And we are a for-profit company.

Mr. **Sabo**. But it tells us something that I think is sort of devastating about where we may be headed in this country. I'm not sure how anybody can support a family on this. It's barely beyond the minimum wage which has been static for years.

Clearly within transportation there's some role for privatization and government contracts out in all kinds of ways. Sometimes it helps us cost-wise sometimes it hurts us. Some of the fastest rising areas of Federal expenditures have generally been for things that we contract out, namely health care.

But to say that as a model we should head for privatization so we can pay people $5.50 an hour, I frankly have trouble with that as being a model that we should look at.

Mr. **Stanley**. Look at the other side of the equation, Congressman Sabo, in terms of what the operating subsidies were intended to do. Labor compensation peculiar to public transit operators, in comparison to other public unions, is substantially higher.

With the same compensation package that's provided by the transit authority. And again, just with that same benefit package, we've found efficiencies, efficiencies when it comes to the handling of capital equipment.

But again the point is not to turn over all of the service, to undo 20 years of labor agreements, nor on the other side what I advocate what I think is an over-balance in the other direction, which is compensation that exceeds other public unions, and compensation from public transit authorities which is in excess of some private operators with the same union.

TRANSIT OPERATOR COMPENSATION

Mr. **Sabo**. I don't know all the varying compensation schedules in the country, but I don't really think that where we want to head is to $5.50 an hour wages with no pension plan for people, and probably a limited benefit package. And if, through the whole contracting out process, somehow we save money because of efficiencies is one thing; but if we save it because we're promoting a sub-subsistence wage for people with no benefit packages, I find that difficult to cheer about.

Mr. **Lehman**. Mr. Pursell.

TRANSIT SERVICE CORPORATION

Mr. **Pursell**. Well, I'm not going to get in an argument with my colleague, but I think he misses the point of the whole program. The program is to service people who are in need of public transportation. And if that can be done at a fair market value in that given region or area, it seems to me that over a period of years that program will grow and develop.

He indicated they're only in their first year now.

Mrs. **Youll**. Six months.

Mr. **Pursell**. Six months. I can't think of any small business that's going to be paying high wages and delivering maximum services in two, three or maybe four years.

I think you're off to a pretty good start. There are a lot of people who wouldn't have jobs if you were paying the high dollar, and that's the case that you made here. You've probably got more people working, maybe at less dollars, but you're not only creating more employment, you're providing a much bigger service to more people who are willing to participate.

So I think there are some arguments that could be made on the other side of the coin.

Mrs. YOULL. Mr. Chairman, this is a brand new company. It's only six months old. I believe the other carriers do provide other things for their drivers. You don't expect the company to give them everything right now. They are starting small, and the drivers are well aware of their problems. They are backing the company; they want to give the best service that they can. And I think in time they will get a good package deal.

Right now, they are going along with the contractors, especially this particular one. They're not aware of what can they benefit from. They feel their benefit package is sufficient right at the moment.

And some of the drivers, they don't plan on making that amount of money for the rest of their life; TSC plans on increasing the pay as the work record shows that the drivers should get an increase. So you can't just say this is wrong to start the driver out with this type of money.

Mr. LEHMAN. I think we've heard the advantages of this type of system. We've also had criticisms. I think we can benefit from learning from both sides, and probably go forward toward an improvement of mass transit.

I want to thank you for being here, and we certainly want to provide the best possible accessibility to public transportation, or public-private transportation for the handicapped.

Mrs. YOULL. But I really feel that the contracting is probably the best way of going, because you do get better service because the drivers are well trained. They are being treated a little bit different than the average driver, especially in your main line service. In your main line service, any big company, the drivers are taken to provide a transportation service for disabled and senior citizens. Then, when they go back into the main line service, they're treated very, very poorly and not accepted very well.

And the private contractor drivers are really well trained once they are trained. So we don't have any difficulty with that.

Mr. LEHMAN. Keep in touch with this Committee on the progress of your transportation.

Mrs. YOULL. Okay.

INVESTIGATIVE STAFF CONTACT

Mr. LEHMAN. And we thank you for being with us.

Mr. Stanley, before we get into the regular questions, I have a request to make. As you know, Chairman Whitten has directed the staff investigators to look into several UMTA-related issues, and we have been advised by the staff that it has been several weeks since they wrote to the Secretary requesting a point of contact within the Department.

Since there has been no reply to this letter, and since the investigation involves your agency, could you give this Committee or perhaps Fred Mohrman, the chief clerk of the Appropriations Committee, an individual they might contact.

Mr. STANLEY. The point of contact for that, Mr. Chairman, would be Joe LaSala, who is the chief counsel, to my left.

TRANSIT BLOCK GRANT PROGRAM

Mr. LEHMAN. Thank you very much. One thing that I'm kind of curious about in your statement is your proposed legislation that would create a new highway transit block grant program. Is there any such legislation proposed or in the works?

Mr. STANLEY. That legislation was part of the reauthorization bill that the administration sent over in February, and it was an effort to get a start toward a block grant program that mixed highway and transit funds.

Mr. LEHMAN. Has it been introduced or been submitted to any committee?

Mr. STANLEY. It has on the House side, and not yet in the Senate.

Mr. LEHMAN. In Public Works?

Mr. STANLEY. Yes.

DISTRIBUTION OF SPENDING REDUCTIONS

Mr. LEHMAN. I think you and I would both agree that, if we are going to meet the commitment of the Congress and the President to balance the Federal budget by 1991, significant spending reductions are going to be required and reductions will be required whether or not we increase taxes.

The obvious challenge that confronts both the Congress and the Executive Branch is to equitably distribute these reductions. Under the President's budget total transportation funding would be reduced by approximately 20 percent, while funding for urban mass transportation would be reduced by more than 60 percent.

Why do you believe it was unnecessary or improper to achieve a more balanced distribution of the overall transportation budget reductions?

Mr. STANLEY. Mr. Chairman, we did receive a 66 percent reduction in budget authority which was second to the Federal Railroad Administration (FRA) whose reduction was in the order of 90 percent.

During the debate on the budget, and with the passage of Gramm-Rudman, we looked at two guiding principles which we in the adminstration applied in the past.

First was to preserve the programs funded from user fees. I think the percentage in the budget we presented went from 68 percent in fiscal year 1986 up to about 84 percent in fiscal year 1987.

And secondly, was to go through a real debate about what the proper federal role would be.

It was not a question of it being either unnecessary or improper in attempting to reach a balanced distribution, but more what was the principal federal role: aviation, the Coast Guard, or urban transit? Transit received a disproportionate share of the cuts compared to the other modes.

TRANSIT NEEDS

Mr. **Lehman**. In the past, both you and the Secretary have stressed the importance of the source of funding in making your budgetary decisions.

I would agree that the source of funds, or user fees, is one of the criteria that should be considered, but in my opinion, I think the most important criterion by far is need. In this regard, there have been numerous studies which have estimated the annual capital needs for transit and I shall insert a table from a 1985 AASHTO (American Association of State Highway and Transportation Officials) report which includes two of these estimates.

[The table follows:]

TABLE 3.1.—ESTIMATED ANNUAL CAPITAL NEEDS OVER THE NEXT 5 YEARS

[In millions of dollars]

	APTA (1984)	CBO (1982)
Bus:		
Vehicle rehabilitation and replacement	759	610
Facilities	786	500
Rail:		
Modernization and vehicle replacement	3,018	2,200
Extensions of existing systems	757	1,191
New systems	1,972	1,012
Total	7,292	5,513
Estimated annual UMTA authorizations including local project share	4,274	4,274
Annual shortfall	3,018	1,239

Source: APTA Capital Needs Survey 1984–1988; CBO, "Public Works Infrastructure."

Mr. **Lehman**. As the table indicates, these needs exceed the existing program levels for transit and are far in excess of your proposed fiscal year 1987 budget and the authorizations contained in your legislation for subsequent years.

Do you have any sound information which contradicts these estimated needs?

FEDERAL RESPONSIBILITY

Mr. **Stanley**. I think the needs are there. We have done a rail mod needs study which has a cost benefit approach. In terms of estimating needs, the question of what is a need and who should pay for it are two separate issues. I don't doubt that there is a funding need in the outyears. Where I would part from both the American Association of State Highway and Transportation Officials (AASHTO) survey that you've inserted and the American Public Transit Association (APTA) estimate is the degree of that need that's to be met at the Federal level.

One other aspect which I'll talk about a little bit later: we have looked at that rail mod study in terms of needs, and then looked at the cost and benefit of funding each of those needs, and the results of that second phase of the analysis indicate that we can probably receive about 80 percent of the benefits in terms of the passenger miles served with about half of what we had initially received in our study as a needs statement.

So I would have to look behind these estimates on needs. But the real debate is the degree to which the Federal government should participate in funding those needs.

Mr. LEHMAN. In other words, you do acknowledge a need, but at this point you reserve the right to acknowledge the Federal responsibilities to meet these kinds of needs.

Mr. STANLEY. Well, I think there's less of a Federal responsibility to meet the needs. I have seen needs studies at the Department in lots of modes, and oftentimes I would say some of the engineering firms that do the needs studies are firms that benefit from decisions by the government to provide levels of funding. Asking some of those consultants the question of what would be the needs in the next ten years is like asking Imelda Marcos how many shoes she thinks would be necessary for the next decade.

Both the Committee and the agency should look with some skepticism or some further analysis as to what the most cost effective investments are once we've established a needs level.

EXTENT OF NATIONAL BENEFITS OF TRANSIT

Mr. LEHMAN. The summary accompanying the Department's proposed Surface Transportation Reauthorization Act states: "The purpose of the changes to the mass transit program is to reduce federal involvement in programs that do not serve nationwide needs."

It is this allegation that there are not national benefits from our investments in the transit program that, in my opinion, separates your administration's current views from those of the Congress and every past administration since the passage of the Urban Mass Transportation Act of 1964. I believe, and I think others also do, that the problems of mass transit are not restricted to large cities or any particular area of the country, that the continued economic vitality and growth of urban areas that are dependent on mass transportation is essential to our national welfare, and that mass transportation can and does assist in reducing pollution and congestion and in making jobs and government services more accessible to our citizens, particularly our lower income citizens.

Is it your view that our transit problems do not affect all parts of our nation, that the economic vitality of our urban areas is not important, and that transit does not assist in reducing pollution and congestion or in increasing accessibility to employment and government services?

Mr. STANLEY. Our proposal in the legislation does not abandon or eliminate federal assistance to mass transit. Indeed, at the level we have proposed in the reauthorizing legislation to be funded out of the gas tax, we could adequately fund at current matching levels most of the vehicle needs of the transit systems, bus and rail cars.

I would argue with one point: I think the transit benefits are really concentrated in some defined urban areas. I think the nation benefits from economic vitality in urban areas and better mobility.

I would take issue with the proposition that if you look over the last 20 years of the program, that the investment we have put in mass transit has significantly reduced air pollution or some of the other claims that were made at the outset. I think the evidence on that is almost negligible. The investment has increased accessibility to employment and government services, but I think the federal government got into this position due to some acknowledged negligence on the part of a lot of the major cities in ignoring their investment in their own transit systems.

I think the issue for today and for the next few years is not whether or not there are benefits, but really what level of federal investment we can afford to continue as long as the deficits that we face exist.

GAS TAX INCREASE

Mr. LEHMAN. Two of the needs not mentioned here I hear most often in my own district is the lack of transportation to health facilities and the lack of adequate public transportation to commercial opportunities. I would like to put them in there just as well as government services and jobs because to a lot of people they are just as important.

But I think the key words in the quotation, the purpose is to reduce federal involvement on programs that do not serve a nationwide need. But I think the combination of needs in New York, Miami, and San Francisco, become a nationwide need.

The budget you are requesting for fiscal year 1987 is similar to the one proposed for fiscal year 1986, which was, for the most part, rejected by the Congress. The Senate Budget Committee has already rejected the President's overall fiscal year 1987 budget. Therefore, it is almost certain the Congress will not accept your proposed fiscal 1987 budget or your proposed reauthorization bill. In view of the fact that your fiscal year 1987 budget and your proposed authorizing legislation most likely are not going to be accepted by the Congress and the fact that you seem to emphasize the importance of user fees as a funding mechanism, would you support the allocation of an additional two cents in gas tax revenues to mass transit, if there is an increase in the federal gas tax? That would just about take care of all our problems.

Mr. STANLEY. I do not know that that would take care of all our problems. I would say that the President and the administration have emphatically opposed any increase in taxes, be they a gas tax or any revenue increase, and I would not support personally a two cent increase over the current gas tax revenue dedicated to mass transit. I think that we have got to start looking at what we are buying with the revenues we are raising rather than reacting to increased revenues at the federal level.

The administration, I am confident, would not support any increase in the gas tax dedicated to transit.

SENATE BUDGET RESOLUTION

Mr. LEHMAN. Do you believe the proposal of the Senate Budget Committee to freeze capital and reduce operating assistance by 20 percent represents a reasonable compromise between the desire of the Congress to continue the existing level of federal transit assistance and the administration's desire to virtually eliminate the federal program?

After all, it was a Republican Senate Budget Committee and apparently it does not support the administration's level of funding.

Mr. STANLEY. You are correct. The administration is opposed to the overall Senate budget resolution. I think we were encouraged by the willingness of the Budget Committee to propose some cuts in the transit subsidies, but, as I said, we remain ever hopeful that those reductions could be augmented, perhaps, on the floor of the Senate when the budget resolution is debated by the full Senate.

Mr. LEBMAN. Mr. Coughlin.

BUDGET SUBMISSIONS TO OST AND OMB

Mr. COUGHLIN. Thank you, Mr. Chairman. Can you tell me what your submission was to the office of the secretary and what the submission of DOT was to OMB?

Mr. BUTLER. The original submission up to the office of the secretary was in the area of about $2.8 billion. The submission that went over to the OMB was in the area of a little over $1.9 billion. The level that finally came back was the $1.2 billion requested in our final budget.

Mr. COUGHLIN. Your fiscal year 1987 request, as the Chairman has pointed out, is similar to that of last year, which the Congress did reject. When the secretary appeared before the subcommittee, I asked her how confident she was that Congress would, first of all, go along this year and, second, approve the block grant. Her answer was an enthusiastic "I hope so."

Do you have any feelings on this? Can you be more substantive?

Mr. STANLEY. I have greater hopes than the Secretary. I hope whatever she hopes. I understand the opposition from various interest groups to the block grant idea, but I talked a little bit about that in my testimony, and I think this region is a perfect example of it.

One of the things that we are encouraging is an attempt to address the tremendous mobility problem in most of our growing cities.

I would be the last person to deny that, and I think given the budget reality at the federal level and at the state and local level, what we are attempting to do is to take what federal capital funds are made available and say to those growing regions, take a look at all sources of the funding and do not continue this highway vs. transit debate just because of the sources of funding. The block grant was an attempt, certainly, to get into the public domain some debate on the fungibility of the dollars that are provided and encourage the regions to address their overall mobility needs.

I do not sense a great deal of enthusiasm in the Public Works Committee for the idea, but in terms of looking ahead two and three years, I think it makes a good deal of sense.

ROLE OF MASS TRANSIT

Mr. COUGHLIN. You do feel there is a place for mass transit in the transportation part of our transportation system?

Mr. STANLEY. I personally feel right now, Mr. Coughlin, that in some of the urbanized areas, the larger ones, particularly those over 1 million, if there was a common source of funding and the debate were to occur on what best met mobility needs, I think mass transit would do very well.

I would not have made that statement 10 years ago, but I know an issue that you have watched and worked on for years was the Westway debate in New York. I have said in the past that that debate was perpetuated in large part because of the availability of highway dollars and the uncertainty of a real trade-in. Had those dollars been fungible at the local level, able to be used on transit without running the gauntlet of a transit trade-in, I think that debate would have been ended years before it was.

Mr. **Coughlin**. If mass transit is important, certainly that would not be indicated by the substantial reduction that has been made in the request for mass transit funding.

Mr. **Stanley**. I would say mass transit is important. The only thing more important is the deficit. I think the reduction was a clear attempt to try and reduce the deficit.

TRANSIT RIDERSHIP

Mr. **Coughlin**. After spending about $30 billion on mass transit over the last 20 years, the federal government, that is, we find that after a 20 year decline, transit ridership has grown by about 15 percent from '72 to '82. The elderly and handicapped are probably better off. However, the transit share of the commuting market has declined over the last few years and represents a small proportion of all urban transportation trips.

How do you see the future of mass transit in those terms?

Mr. **Stanley**. The challenge for public or private transportation in urban areas is simply to recapture a larger share of the market. I have great empathy for transit operators who attempt to capture that market in the same areas that give all kinds of benefits to automobile travel.

If the measurement of success were just their ability to capture a larger share of transit trips, the record of the last 20 years, given the level of subsidies, has not been a good one.

REVENUE FROM GAS TAX

Mr. **Coughlin**. One final question before I yield: how do you arrive at the $2.8 billion level that you proposed to the office of the Secretary? Is that your estimate of the revenue derived from the one penny gas tax?

Mr. **Stanley**. We requested the levels of the Congressional Budget Resolution for WMATA, Administrative Expenses and Research. The difference resulted from our legislative proposal: (1) to fund Interstate Transfers from the Highway Trust Fund; and (2) to reduce the amount requested for the formula grants program.

Mr. **Coughlin**. Thank you, Mr. Chairman.

Mr. **Lehman**. Mr. Sabo.

IMPACT OF CUTS ON CITIES

Mr. **Sabo**. Thank you, Mr. Chairman. I sort of resolved in my mind I would not get very excited about administration budget proposals this year because I assume we will do something substantially different. It is the same as last year and I assume we can put all our questions, whatever they were a year ago, in the record and then proceed and put your answers in and go on with our business.

Then I started listening and I started getting excited again. I calmed myself down and I am sort of halfway in between. I look at your budget proposal, I look at it in combination with the other committee I serve on, HUD and Independent Agencies, and I come here and transit funding is cut by two-thirds. I do not know how one describes that other than excessive.

I go to my HUD subcommittee and housing funds are eliminated. Even modernization funds for existing housing is eliminated. I think the UDAG program is eliminated, a significant amount of the community block grant's funding is deferred until next year with reduced funding next year.

When you add all of these things up, it is sort of disastrous for the cities. Somehow there is supposed to be some bucket of money out there in the states and local communities and I do not find it. Clearly, if we were to adopt the department's recommendations and the administration's recommendations on transit, it would mean to our transit agencies substantial reduction, both in the funds available for capital and the funds available for operating assistance.

Our state has just gone through a budget crunch, had to reduce transit funding modestly. Their only choice would be reducing service, increasing fares. It does not seem like a very good time to increase fares if you want to maintain ridership when gas prices are dropping substantially.

I do not know that I really have any questions other than I maintain hope that in the end the Congress will get to a $144 billion deficit and be able to reorder our priorities somehow from what the administration proposed and do better by transit and every other urban program around that is devastated under the administration's budget. People who live in the cities need that action by the Congress. If we got the administration's proposal in total it would be devastating to cities, the very large and moderate sized and also I think the smaller ones around this country.

Mr. STANLEY. I understand and sympathize when one adds the revenue sharing and the cuts in Housing and Urban Development (HUD).

Mr. SABO. I forgot that one.

Mr. STANLEY. I was going to remind you of that. That one is on the top of our list for success this year. But again if we hypothetically were to freeze the programs, Mr. Sabo, in UMTA, which is the one I deal with, I honestly can say I do not think that we have in the last 20 years bought what was hoped for by Congress when we started.

DECENTRALIZATION

Mr. SABO. I agree with you that there are some problems on how we handle mobility and transit and transportation in our urban areas in this country and I am a little bit of a decentralist at heart. But I have watched the administration's proposals over the last four or five years and there is really no commitment to decentralization. The commitment is that you can sell or reduce budget for the sake of decentralization.

But, at some point on some program it would be nice to see a commitment to decentralization, greater flexibility to state and local government that involves at least the same amount of money as it did the previous year. I think some of us might want to take a serious look at it and see what the potential is. That is never the case.

The decentralization argument, the block grant argument, is always used simply as an excuse to somehow cover over the real reduction in very, very substantial terms of dollars available for local units of government.

Mr. **Stanley**. Clearly there is a substantial and real reduction, but I would maintain an argument on the block grant and the mobility issue that, divorced from whatever the ultimate budget outcome is, it makes more sense if a part, half, or all of the reductions that the administration has proposed are made.

Mr. **Sabo**. You are never going to get them seriously looked at in that framework.

Mr. **Stanley**. I have experienced that frustration.

Mr. **Sabo**. I just hope that we will do better along the way.

IMPORTANCE OF MASS TRANSIT

Mr. **Pursell**. I am like Marty. It seems like we have gone through this four or five years in a row. We talk about the deficit with the Republicans on one side. They are pumping up the defense budget. The Democrats, in general, are pumping up the social side and neither side is really looking at that bottom line that has been mentioned quite often.

I do not understand why our administration is not more oriented towards a cost efficient public transportation network in our country. Maybe we misread all of this, but most of my transit people feel that the Reagan administration is anti-public transit. I do not think Republicans should be because I think it is a very conservative way to develop urban and rural areas and to improve economic development. I just wonder if you might want to comment on that.

URBAN MOBILITY

Mr. **Stanley**. I think that the administration has been viewed as anti-mass transit on the basis of the budget levels that we adopted. I would argue and I would contend that I think in terms of urban mobility that you can move people more cost effectively in public transit than you can in some cases in the automobile.

But there is a tendency to regard any mass transit project as cost effective, reducing pollution, aiding development. Very few of these effects occur. In the Washington area, we have a corridor with the Shirley Highway that is a bus lane. That corridor is not perfectly served but closely served by the Orange Line that will open up in June.

The cost effectiveness of the number of people that will use the Orange Line when that is opened is nowhere near the cost effectiveness of that busway. A highway project is a highway project with highway dollars. WMATA was a transit project with transit dollars. It is very difficult to defend the cost effectiveness of a number of mass transit projects.

In Washington there is a great perception that one of the things we need to do is move people from the District of Columbia out to jobs in the suburbs, and this rail system is going to do just that.

Let us say the system is finished, 103 miles. I live in Anacostia. I am unemployed and I get a job out at Tyson's Corner. How much does it cost me to go from Anacostia to Tyson's Corner: about $3.30 each way, somewhere around that, $7.00 a day. How much time does it take me: 70 to 90 minutes each way. That is close to three hours a day. Say I were unemployed and lived in Anacostia and had an $8 or $9 dollar an hour job lined up out there. Would I think that that's a cost effective way of getting to and from work? I would say no. And what will probably happen is that individual and several individuals in his area will commute in a van or a bus. The cost effectiveness rationale for a lot of mass transit projects simply is not valid.

I have been saying go ahead and finish the system, but stop writing editorials in the Washington Post about what you are buying when you finish it with another $6.5 billion. Is it a cost effective way of moving 28,000 to 30,000 unemployed District adults to potential job sites?

Mr. PURSELL. I will pass. I do have some questions to submit for the record, Mr. Chairman.

TRANSFER OF RESEARCH FUNDS

Mr. LEHMAN. In our hearings with the Federal Railroad Administration and the Federal Highway Administration we discussed the delays in certain projects that are to be financed with funds transferred from your research, training, and human resources appropriation. It is our understanding that it took approximately three months from the date of enactment until these funds were properly transferred to the appropriate administration.

Why were these funds not transferred immediately as the law provided?

Mr. STANLEY. The transfers were sent to the Treasury first on March 14th. When we initially discussed the transfers with Treasury, they encouraged us to wait until the Continuing Resolution containing the appropriations act was published to get a statutory reference. All the transfers have been made. If you look at the earmarked projects, representing $39.1 million, one of the projects we had already decided to fund from our discretionary funding. On another, the Access to Public Recreation Areas on Lakes program, the Federal Highways Administration (FHWA) as recently as today has indicated to us that the funds have not yet been obligated.

With regard to the rail project in Orange, Texas, no project application has been received to date, although the funds have been transferred, and it may be some time because the locals are having trouble putting together state and local funding.

On the $1.35 million to the FHWA Airport Highway Demonstration Project, FHWA has told us no project application was received to date. Again, the locals are having some trouble getting the necessary state and local funding. We have transferred $5 million to

FRA for commuter bridge repairs in Philadelphia. FRA began its discussions with the transit authority two weeks ago. We are this year considering some project requests for about $19 to $20 million for rail commuter bridges.

The National Highway Traffic Safety Administration (NHTSA) money has been transferred, and NHTSA signed its agreement with Health and Human Services (HHS) on March 28th concerning the use of the funding.

Finally, the transfers have been achieved, and I do not think any undue delay was caused. The transfers did have and will have a significant impact on what we were planning to do in our research and training program, and that we are trying to adjust to.

Mr. LEHMAN. The Federal Highway Administration, I understand, has already distributed part of the access roads money. Is that true according to your sources?

Mr. STANLEY. Again, FHWA may have distributed it. We will check with them. We had indications from FHWA as recently as this week that the funds have not yet been obligated.

DEFERRAL OF NEW STARTS FUNDS

Mr. LEHMAN. I will move on to the next question. We may revisit that question later.

Section 331 of the Department of Transportation and Related Agencies Appropriations Act of 1986 states: "The Congress disapproves the proposed deferral D86-21, pertaining to the Urban Mass Transportation Administration, as set forth in the message of October 1, 1985, which was transmitted to the Congress by the President. This disapproval shall be effective upon enactment into law of this Act and the amount of the proposed deferral disapproved herein shall be made available for obligation."

Why was a decision made to disregard this provision of law and propose a rescission of these funds? Did you recommend that this rescission be submitted?

Mr. STANLEY. The department proposed the rescission of $521.3 million for the new start discretionary projects. We were aware of it and approved it at the time. The rescission, permissible under the Budget Act, was recommended as part of the overall budget in an effort to meet the goals of Gramm-Rudman-Hollings.

Regarding the legal issue, general counsels in the department as well as in the Office of Mangement and Budget (OMB) noted that a deferral does not preclude or prohibit the President from proposing a rescission to Congress. The action to rescind or not is left to Congress. I have not been able to find any legal citation that indicates that the proposal of the rescission was in any way inconsistent with the Budget Act.

VIOLATION OF IMPOUNDMENT ACT

Mr. LEHMAN. It has been four weeks since the GAO ruled that your proposed rescission was a violation of the Congressional Budget and Impoundment Control Act. What action have you taken during this time to comply with this law?

Apparently, the GAO takes a different legal viewpoint than the one that you have received from OMB or from your own office.

Mr. **Stanley**. In terms of the '84 and '85 money, UMTA and OMB counsels have reviewed the legal opinion of the General Accounting Office (GAO). We have not taken any specific actions in the last four weeks other than to review it. That decision by GAO also covered funds that were appropriated for the school ship in the Maritime Administration. Those funds were released.

No final determination either in the General Counsel's office or in OMB has been reached.

Mr. **Lehman**. According to GAO you are in violation of the Budget Act. According to your information you are not in violation of the Budget Act. I assume that is what you are trying to say.

Mr. **Stanley**. I do not know that we concluded that we violated the Budget Act with regard to '84 and '85 money one way or the other. I do not know that the department submitted any legal reaction to the GAO opinion at all for the '86 budget.

For all three years of funding, 1984, 1985, and 1986, the rescission request, absent action by the Appropriations Committee, expires on April 14th anyway. Any legal opinion, if we reach one by then, becomes somewhat moot.

IMPACT OF RESCISSION ON GRANTEES

Mr. **Lehman**. Have you imposed any additional requirements on the recipients of these previously deferred funds in the meantime?

Mr. **Stanley**. No, other than keeping them abreast of the GAO opinion and our review of that opinion.

Mr. **Lehman**. It seems apparent that Congress is not going to approve your proposed rescission of fiscal year 1986 new start funds.

If this rescission is not approved by next week, do you intend to comply with the law and make these funds available for obligation under the same terms and conditions that apply to other section 3 grants? In other words, what are you going to do after April 15th? File your income tax? [Laughter.]

Mr. **Stanley**. We are still hoping Congress might approve the rescission, Mr. Chairman, but I know time is running out on that hope. If it is indeed not approved by next week, I do not think there is any intention not to make the funds available for obligation, nor is there any intention to add different terms or conditions over and above normal section 3 grant requirements.

NEGOTIATIONS ON FULL FUNDING CONTRACTS

Mr. **Lehman**. Under Section 320 of the fiscal year 1986 Transportation Appropriations Act, the Secretary is required to negotiate three full funding contracts. Are you the principal negotiator for the department on these contracts? If not, who is?

Mr. **Stanley**. I have designated our Chief Counsel, Joe LaSala, on my left, as the principal negotiator. I have participated in the negotiations consistent with the direction in Section 320 on each of the contracts to date.

Mr. **Lehman**. How many times did you or the principal negotiator meet with each of these local authorities during the 90 day period specified in the Act? How many meetings have taken place since the 90 day period ended on March 19th? I guess I would also like to know how many of these meetings were initiated by the Department of Transportation. I know you met in Miami once, which was sort of a happenstance meeting. I do not think that was really a negotiating session.

Mr. STANLEY. Beginning with Los Angeles (LA), we met with Los Angeles five times beginning on January 17th. I met with the general manager of the Regional Transit District (RTD) and the chairman of the board or January 17th to discuss the full funding contract in the regional office.

On February 5th our regional administrator met again with the general manager and the staff on the full funding contract. A month later we met in Washington with the staff and the general manager to discuss the Los Angeles contract. On March 11th we met with the board chairman and the general manager and other officials from the RTD on that contract, and on March 21st our chief counsel met with John Dyer again and Rick Richman of the County Transportation Commission on that contract.

I would be glad to submit for the record; records of meetings, both in Seattle and in Miami, who was involved, the dates those meetings occurred, and where we are today. We submitted draft offers.

[The information follows:]

UMTA held the following meetings with Miami officials:

January 6, 1986: Administrator Ralph Stanley met with Joseph Fletcher (Executive Director, Metro-Dade Transportation Administration) and county officials in Miami.

February 10, 1986: Administrator Stanley met with Joseph Fletcher in Miami.

February 13, 1986: UMTA Chief Counsel, Joseph A. LaSala, met with Joseph Fletcher and Robert Cuevas (Dade County attorney) in Washington, D.C. to discuss the full funding contract.

February 19, 1986: Joseph LaSala met with Joseph Fletcher and Robert Cuevas.

March 3, 1986: Administrator Stanley and other UMTA Officials met with Joseph Fletcher and Robert Cuevas in Washington, D.C. to discuss full funding contract.

UMTA held the following meetings with Seattle officials:

January 15, 1986: The UMTA Chief Counsel, Joseph LaSala, met with Seattle officials to discuss the full funding contract.

February 12, 1986: A second meeting was held between the UMTA Chief Counsel and Seattle officials.

February 18, 1986: UMTA Region X staff met with Seattle Metro staff for technical discussions on the scope of the project.

February 27, 1986: UMTA Region X staff held a second technical meeting with Seattle Metro officials.

March 7, 1986: Seattle Metro Executive Director Alan Gibbs met with UMTA Administrator Ralph Stanley.

March 11, 1986: Seattle and UMTA officials met to discuss Seattle offer concerning payback.

AUTHORITY TO CONDUCT NEGOTIATIONS

Mr. LEHMAN. Mr. Stanley, let me just ask you if I can interrupt you a minute, you mentioned about the five times, more or less, that you met with the LA property people. Is that right, you did meet five times with them?

Mr. STANLEY. Yes.

Mr. LEHMAN. Did you meet five times with them or did a representative of yourself meet five times with them?

Mr. STANLEY. I met directly with them twice, and had phone conversations with them during the time. Three meetings were chaired by Joe LaSala.

Mr. **Lehman**. I guess my question is, did Mr. LaSala really have the authority to make decisions, because the way I understand it, it is the obligation of the Secretary and she designated you to do the negotiating for her and then you had a person do the meetings for you.

I do not know whether you can consider the person that was talking for you to be a bonafide negotiator. That is just the way I happen to look at it personally. I just wanted you to react to the fact that those people in your department other than yourself meeting with people in my mind was not a true negotiating meeting.

Mr. **Stanley**. I understand that. Mr. LaSala had my full support. I attempted at every step to keep the secretary's office informed on the status of the negotiations.

Mr. **Lehman**. You had the authority to resolve the differences. Mr. LaSala, according to my understanding, did not have the authority to resolve differences. I think that is the crux of whether I would consider it a negotiating meeting or not a negotiating meeting.

Mr. **LaSala**. Mr. Chairman, I am not sure that is an accurate statement of the way the discussions were carried on. I had authority to negotiate on behalf of Mr. Stanley on all items, and I did that. In the meetings that I had with representatives of each of the three cities we made a lot of decisions and a lot of progress was made on those full funding contracts.

There are certain items which I, in the course of those meetings, reserved the right to return to and discuss with the administrator, as I do when I sit down with any grantee to talk about a full funding contract. So I think we did talk about all issues. We did reach agreement on some of them and on some of them we did not. But decisions were made in those meetings.

FULL FUNDING CONTRACT—LOS ANGELES

Mr. **Stanley**. On Los Angeles we had nine major items as of February 21st in the initial submission to us by the Southern California Rapid Transit District (SCRTD), the majority of which, from February 21st and over the next few weeks, I felt were fairly adequately resolved.

Mr. **Lehman**. Nine disagreements?

Mr. **Stanley**. Nine major disagreements, which I think were narrowed down to two or three.

Mr. **Lehman**. Could you go back to where I interrupted you. I stopped you. You were moving on to the other property, I think. You had talked about Los Angeles.

MIAMI MEETINGS

Mr. **Stanley**. With regard to the Miami meetings, there were six. In the first I talked to Joe Fletcher in Miami on January 6th. We had, by the way, invited each of the properties to submit a draft of a contract they would like to see us sign. On January 31, 1986, Dade County did give to us their first draft full funding contract for us to review, again, self-authored.

I talked on February 10, 1986 with Joe Fletcher in Miami. Joe LaSala met with Mr. Fletcher and Bob Quavis in Washington on February 13th. On February 19th there was a second meeting between Mr. LaSala and Mr. Fletcher and Mr. Quavis. And on March 3, 1986 we met again with Mr. Fletcher and Mr. Quavis to talk about what I consider to be a narrowing of the issues with regard to the initial Dade County draft of the contract. In Miami we were down to a minimum two or three principal issues.

FULL FUNDING CONTRACT—SEATTLE

Mr. LEHMAN. And Seattle?

Mr. STANLEY. Seattle has had seven meetings. I have talked at some length, both formally and informally, with one of their attorneys here who is a former chief counsel at UMTA. In those contract negotiations we narrowed the differences with Seattle to about two issues.

STATUS OF FULL FUNDING CONTRACT NEGOTIATIONS

Mr. LEHMAN. Where will we be on April 15th when the rescissions run out? Just how far apart are you in the negotiation process at this point, what are the differences and how do you anticipate resolving these differences as of April 15th?

Mr. STANLEY. We do not have any negotiations scheduled with any of the three properties. We made an offer on March 19th to each of the three. In the letter at that time I very carefully attempted to stamp that offer as a draft in recognition of the fact that, even if any one of those three properties were to agree 100 percent with our draft, no full funding contract was going to be executed until the rescission expired.

It would be difficult for me to speculate where and what the reaction is from the three properties. The issues are principally as follows: in Miami it is a very difficult issue as to how we address the failure of Dade County to complete an environmental impact statement in the contract without violating the Environmental Protection Act. I have an opinion from the general counsel of the department, and it indicates that any intention or actual execution of a full funding contract with Dade County would violate the National Invironmental Protection Act (NEPA).

With Los Angeles, the issue is down to the treatment of the $203 million shortfall for the first 4.4 miles. Very late in this 90 day process we got the justification from the SCRTD with regard to the environmental issues surrounding the first 4.4 miles. That justification, Mr. Chairman, is quite lengthy, and we are busy reviewing that. We do not have any major problems with the environmental issue on the Los Angeles project. The principal issue in Los Angeles is the $203 million shortfall.

In Seattle we were close to an accommodation, the principal issue being whether or not that property indeed wanted a full funding contract. There was some debate over a date by which they would make a final decision on whether to go forward with the bus tunnel project or not, based on the outcome of the federal budget debate this year.

TIMING OF UMTA PROPOSAL

Mr. **Lehman**. The properties involved in these negotiations have advised us that the administration made no official written proposals regarding these contracts until the very end of the 90 day time period and in their view this was not "good faith" negotiations on your part. What was the reason for your waiting so long to make an offer?

Mr. **Stanley**. Mr. Chairman, what we said to the properties at the outset, which I think is an extraordinary concession, is that we would ask them to write the full funding contract that they would most desire. We asked them each to submit that contract and gave them the first opportunity to draft the contract. With such a high level of press interest in the projects, I did not want to get into exchanging official or unofficial offers back and forth with a lot of paper crossing in the mail.

We attempted in the negotiations and the meetings I outlined to narrow the issues. In the final seven or eight days we made a very good faith effort to meet the deadline of making them an offer.

In the letter accompanying the draft offer we made, we said, given the rescission date, that we would be glad to discuss that with them subsequent to March 19th. I requested of each of the properties to treat it as a draft, and I was disappointed in the reaction that we got, particularly in Miami. We made an offer to extend the negotiations consistent with what was in our 1986 appropriations act.

There are certain things I can and cannot do as the UMTA administrator. That was our good faith and best effort to give them a full funding contract. In two of the three cases it is eminently acceptable by the transit authorities. I kept the secretary's office and OMB very up to date on the nature of those offers in an attempt to comply with Section 320.

We in turn provided those offers to the committee as soon as we completed drafting what we felt was as far as we could go in those contracts. The question right now is really one of risk and the assumption of risk for the financing shortfall on all three and how that is treated.

The problem in Miami is unique to Miami; it is the failure to complete an environmental impact statement, nothing that I can accelerate.

FEDERAL COMMITMENT—MIAMI, LOS ANGELES, SEATTLE

Mr. **Lehman**. We can get to that with another question. Let me proceed with the following question.

The statement of the managers states that these full funding contracts shall provide for completion of the three projects according to the following distribution of federal funds: Los Angeles, MOS-1, $429 million; Miami, DCM north and south legs, $180 million; and, Seattle, bus tunnel, $175 million.

Did each of your proposed contracts provide for the specified level of federal participation, subject, of course, to the availability of future funding by the Congress? If not, why is the federal commitment not clarified in your proposed contracts?

Mr. **Stanley**. In our proposed contracts, the federal commitment is indeed clarified, but the amounts of funding represented in the question in Los Angeles are $203 million short of the funds that have been appropriated to date; in Miami, about $73 million short of those funds; and in Seattle $151 million short of funds that have been appropriated to date.

The difficult issue in all three cities is the assumption of risk that no funds will be appropriated. For me to sign a federal contract either guaranteeing or assuring funds that are as yet unauthorized and unappropriated is something I cannot do in March of 1986.

We basically asked each of the projects to assure us that they would complete those three segements of those projects absent any federal funding, which is what is currently before the Congress in the President's budget.

Mr. **Lehman**. Before we get into the specifics of the Miami contract, I would yield at this time to my colleague, Mr. Dixon.

LOS ANGELES NEGOTIATIONS

Mr. **Dixon**. Thank you very much, Mr. Chairman. Mr. Stanley, as you know, I am primarily concerned with the contract in Los Angeles as it relates to MOS–1. I appreciate your pointing out the problem areas. I think primarily you are saying that the problem area is one in the eventuality that there is not a reauthorization of the $203 million. Then you are looking for some language that says that SCRTD and the county commission will assume the responsibility for the funding; and secondly, that as far as you know there are no problems with environmental reports.

Mr. **Stanley**. With regard to the first statement, yes.

Mr. **Dixon**. And I believe you said that at other places that because of the rerouting I assume there may be some problems with additional environmental work.

I guess my first question to you is are there any other problems, setting aside working out language as it relates to picking up the $203 million shortfall?

Mr. **Stanley**. We made considerable progress from the original February 21st draft. The principal issues right now are really how to deal with the $203 million shortfall, the adequacy of a capital reserve, and how that is funded to avert cost overruns. In the offer we made, if you look at the funds available to the county transportation commission currently for rail projects that are uncommitted, there is more than substantial funding, not only to finish the 4.4 mile segment, but to finish the 8 mile segment.

What we did in the offer, Mr. Dixon, is to set aside a separate financing agreement; there are three bankers of the first 4.4 miles: UMTA, the County Transportation Commission, and the city. We asked all three to serve as signatories to it.

The Proposition A money being raised by the County Transportation Commission is more than adequate at the current time to be committed to that project in the event there are no further authorizations or appropriations.

Mr. **Dixon**. When you say in the event there are no further appropriations or authorizations, it is not clear to me whether you are asking SCRTD to abandon the pursuit of additional federal monies or to assume the responsibility if there is not a reauthorization? Which is it?

Mr. STANLEY. SCRTD would assume on signing the contract that up to that amount would be provided from the county transportation commission and the city. We would allow them to liquidate that to the extent further appropriations were made?

Mr. DIXON. In the event that no further appropriations are made?

Mr. STANLEY. Right. If appropriations were made and were signed by the President, they could liquidate. They have a $203 million commitment upon signing the contract in cash that has to be reserved for this project. In the event there are further appropriations and they are approved by the administration, they would be allowed to liquidate that $203 million commitment.

Mr. DIXON. When you say liquidate, you mean to offset whatever they get?

Mr. STANLEY. Right. They are getting on the average between $100 and $120 million a year. In the case of Los Angeles, there is no question that that is something they can sign and do based on the March 19th offer.

STATUS OF NEGOTIATIONS

Mr. DIXON. When do you intend to resume the negotiations with Los Angeles?

Mr. STANLEY. There are not any scheduled negotiations with Los Angeles. I had a conversation with the Secretary of Transportation on Tuesday and on Wednesday and said that what we were doing is making an offer. We were not deeming it to be final due to the rescission expiration. We had a scheduled meeting with Miami that Sunday and we were arranging one with Los Angeles and Seattle when the supplemental appropriations was adopted, which I think clearly took punitive action against the department.

I, by coincidence or not, got an investigatory letter from the appropriations committee on our efforts ranging from privatization to what happened in the contract negotiations. No one was more surprised than I. I think the one other person who would be more surprised would be Secretary Dole. At that point we suspended negotiations.

Mr. DIXON. I guess you did not answer my question yet. I understand the background and maybe some of the motivation. But my question is when do you intend to resume negotiations? You gave me the background for why you did suspend negotiations and I'm asking when you intend to start up again?

Mr. STANLEY. There is not a date at which we intend to start up negotiations again.

Mr. DIXON. Well, is it fair to say you are at least waiting until April 15th, until the time for the rescission has expired?

Mr. STANLEY. At a minimum, but there are no scheduled negotiations with any of the three properties.

Mr. LEHMAN. Would the gentleman from California yield?

Mr. DIXON. Yes. I would be glad to.

REQUIREMENT TO NEGOTIATE

Mr. LEHMAN. The law says specifically you shall negotiate. If you stop negotiations and you have no intention at this point to resume negotiations, are you not, therefore, in violation of the law?

Mr. STANLEY. The law says, Mr. Chairman, as I have read it and read it again, that we would commence and complete negotiations within 90 days. We commenced and we completed in every index of good faith negotiations during that period. Everybody was extremely disappointed and surprised at the reaction of the committee a day after we had made an offer to all three properties to continue negotiations.

Mr. LEHMAN. What the committee did or did not do in the full committee really does not bear on the previous legislation that requires you to negotiate. The two of them are as far as I can interpret the law, totally separate responsibilities. I would expect, whatever happened at the full committee, you to proceed according to the continuing resolution for 1986 and to abide by the intent of that law. You know what the law says. I do not have to tell you again. That is what we hold you responsible for.

Mr. DIXON. If the Chairman would yield. Mr. Stanley, if I understand you correctly, you say that you were setting dates for negotiations, and then based on a letter that you received from the appropriations committee, that that in your opinion was justification for breaking of the good faith effort. That is what I interpreted you to say.

Mr. STANLEY. That is what I did say. I made an offer at the time to get any reactions, and I would be glad to read any written submissions that any of the three properties give to me.

The offers that were made in advance of the dates set in the law were the best efforts of this administration. I will not, in the case of Miami, violate the environmental law in order to accommodate a full funding contract. I cannot presume appropriated funds in the case of Los Angeles or Seattle, and those differences and difficulties are eminently understood by the other parties to the proposed contracts.

Mr. DIXON. I guess I would ask the same question that the Chairman asked, and that is what is the relationship between the letter received from the appropriations committee and moving forward with the negotiations?

GOOD FAITH NEGOTIATIONS

Mr. STANLEY. There are two letters received from the appropriations committee. One which was clearly punitive to the department with regard to our failure to consummate a full funding contract in any of the three, despite our offer of continuing negotiations.

The second letter mandated an investigation of UMTA's behavior, actions, and good faith during the negotiations. We are now busy preparing for it. We have identified our chief negotiator on the three contracts, Mr. LaSala, to meet with the investigatory arm of the appropriations committee to explain what happened in the last 90 days.

Mr. LEHMAN. Mr. Burnley used the word "punitive" in his testimony, I think, before the Senate. Yet the language on the OST does nothing but simply request information. I do not see how a request for information itself could be construed as punitive.

Mr. **Stanley**. The language requested information on a number of items——

Mr. **Lehman**. That is all.

Mr. **Stanley** [continuing.] And I think implied something by reducing some salaries in the Office of the Secretary.

Mr. **Lehman**. What we did was to make a judgment decision that air traffic controllers, which we are short about 326 according to the previous act of Congress, are more important than the $750,000 in the Office of the Secretary. Now, in your view, that might have been a bad judgment decision, but that is the decision that was made. That decision is really not related to the obligation you had under the language enacted by the previous continuing resolution.

Mr. **Stanley**. I am glad to hear that. Maybe it was just a question of a coincidence of timing.

Mr. **Dixon**. I guess, Mr. Stanley, I do not really understand. I think I understand the motive, but I do not understand the tie-in, how you say that the two are tied together.

Mr. **Stanley**. It may have just been a creature of coincidence. I would not say that the letter we received and the investigation that we are now preparing to cooperate with were unrelated at all. I am perfectly willing to have anybody come and investigate this negotiating process. It has been as open as anything we have done at UMTA. I would be glad to talk ad infinitem about where we are with these three projects.

I am totally aware of the interest of the committee, the interest of you, Mr. Dixon, and Chairman Lehman, in our reaching a signed full funding contract with each of the three projects. I am not naive and I am clearly aware of that interest.

I would submit I made every good faith effort to do that in accordance with the budget that this President has submitted to this Congress and this President who appointed me to this job. I will not either violate what we interpret to be federal law in order to reach what I clearly understand to be the intent of this committee as well as of the subcommittee in the Senate, nor will I make assumptions on appropriated funds that violate the President's budget. With regard to each of the three projects, I think two of the three are eminently acceptable.

The problem in Dade County is one that they recognize and understand pertaining to the environmental impact statement. I do not know how much further I could go, were we to negotiate for another six months. I am perfectly willing to hear any suggestions from the committee.

There is nothing to prevent the SCRTD from accepting the March 19th offer. That is not being precluded by any concerns in the department about what was widely interpreted to be, as Mr. Burnley indicated, a punitive step.

Mr. **Dixon**. Mr. Stanley, I certainly appreciate your position, but I have yet to hear what the linkage is between receiving two letters and breaking off negotiations. One dealt with a continuing resolution and the other dealt with, I guess, funding in the future of the agency.

Mr. Stanley. One dealt with funding in the future of the agency. That the two were linked, as I understood from Chairman Lehman, was merely a question of timing.

The second letter, which I took very seriously, requires an investigation of UMTA and what we have done on the full funding contracts. It arrived within 24 hours of our making an offer to all three to extend negotiations. If anything in this sequence of events was evidence of bad faith or coercion, that letter reflected it.

Mr. Dixon. So after it all boils down and you do start back in negotiations, working out language as it relates to the $203 million in the event that there is not a reauthorization of that money is kind of the lynchpin. It is the only major impediment at this point in time.

Mr. Stanley. That, and the capital reserve. If there are any other reactions from the SCRTD on some of the minor points I would be glad to hear them. The language that is in the draft that we sent forward on the 19th addresses these two issues.

I have had a phone conversation with Mr. Dyer subsequent to that. There is not a major disagreement that I see.

Mr. Dixon. Thank you, Mr. Chairman.

LOS ANGELES NEGOTIATIONS

Mr. Lehman. You earlier questioned our motives for looking into the negotiation process. You appear to believe you have negotiated in good faith.

Let me read a letter I received from the Los Angeles people on your negotiations. I will just read one paragraph. This is dated April 8th and it is addressed to me and it is signed by John Dyer. Page one, the last paragraph:

> Negotiations between representatives of the Southern California Rapid Transit System, the Los Angeles County Transportation Commission, and the Urban Mass Transit Administration did not begin until February 5, 1986, halfway through the 90 day legislatively mandated negotiation period. At that time SCRTD and LACTC met with UMTA regional officials in San Francisco. At that meeting it was apparent that UMTA officials were in attendance to gather information for their Washington superiors and had no power to make a commitment on any issue. At that same session, however, UMTA did promise to provide a draft of a full funding contract, but would not commit to a firm delivery date for the contract.

Those are the kinds of problems that the properties tell us they have had to deal with.

Mr. Stanley. I would like to correct the record. I met with John Dyer and the chairman of the board for over two hours on January 17th. At that time I made an offer to them to take a look at any full funding contracts we had consummated. Mr. Dyer has had those contracts; he has been aware of them for more than a year. They are public documents, and I said we would start with those as a basic operating point. I consider that to be a negotiating session.

Mr. Lehman. That is what we are trying to find out, who is right, whether what you are saying is right or whether what Mr. Dyer and the other property people are saying is right. This is not a malicious process. This is a process to get to the facts of who is really responsible for the progress or the lack of progress of these negotiations.

Mr. **Stanley**. There has been a process. If that was not John Dyer I had dinner with on January 17th, there is another major project out there I can expect to get a contract on.

He and I discussed it at length. At that meeting was the chief counsel for the region, who negotiated a full funding contract in San Jose. I outlined the three or four major issues for Los Angeles. There was no question between John Dyer and myself and the chairman of the board what those issues were. I offered to let Mr. Dyer submit whatever contract he felt he wanted. We did receive it on February 17th, a month after I made that offer. I said, rather than wait for us to draft up separate full funding contracts, take a look at what we have written in the past, change it to what you want to adapt it to your project, and send it in. That skips a lot of negotiating time. It was sort of write your own contract.

Mr. **Dixon**. Submit your own contract.

Mr. **Stanley**. Sure.

Mr. **Dixon**. Not write it.

Mr. **Stanley**. They wrote it and submitted it, and we worked off that draft.

MIAMI NEGOTIATIONS

Mr. **Lehman**. All right. I am going back to the Miami problem. I do not think "punitive action" is the problem. The problem, as you said before, as far as you are concerned, was a problem long before the deadline approached on the 90-day period. That was a problem of NEPA or the environmental impact statement. I think that is what you are trying to tell us is the problem with regard to the Miami property.

Mr. **Stanley**. That is the first problem. We talked about that, Mr. Chairman, in the meeting you briefly attended in January. I would say two things: one, that was a problem that was anticipated well over a year ago when we had a similar budget request in front of the committee. There was resistance in Dade County to commence an Environmental Impact Statement (EIS) process because they did not agree with two of the alternatives that we were asking them to look at. We require all other transit authorities to study alternatives. If I were on Dade County's side, I think I mentioned at the time, they ought to commence the EIS, look at the two alternatives. There was no question in my mind or in anybody's mind what the choice would be, but at least at this point in time they would have completed an environmental impact statement.

That was not done again, and I do not know and I am glad to be educated on it. I have asked our counsel. I have gone to the general counsel in the department based on the opinion I have received. I do not know a way, given what full funding contracts have been in the past, we can execute that or an intent to provide those funds until that process is done.

ENVIRONMENTAL IMPACT STATEMENT

Mr. **Lehman**. Let me just for the record put a bit of the history back in there as far as Dade County's effort to complete an EIS.

A preliminary EIS with UMTA funding, but because UMTA did not publish a notice of intent in the Federal Register, without UMTA's participation and sanction, was completed in March of 1982 and submitted to UMTA. No further action has been taken on it since that time.

Number two, Dade has done a second EIS. UMTA has published a notice of intent and Dade has met several times with UMTA regional staff on the EIS. A contractor has been hired and is engaged in the preliminary work on developing models and the process has been placed on the fast track. The draft EIS is expected to be completed by October 1, 1986.

So the Dade County property has not just been sitting on their hands in regards to the EIS.

Mr. STANLEY. I will defer to Dade County on what it has been doing with regard to the environmental impact statement. Mr. Chairman, I have been in the department for five years. The funding on the people mover in Miami that former Secretary Lewis agreed to with you in Dade County covered the Metromover that is due to open on April 17th. At that time there was no anticipation of nor were there funds for any extensions, although I will acknowledge that Dade County has during that time always wanted to extend it on those two legs.

We can debate for a long time whose faith was good and whose was not in the last 90 days and not make a lot of progress. My view is there are three offers on the table to the three properties. We do not have any negotiations scheduled. I would be glad to indicate that the actions taken on March 19th were a coincidence, but there are very fundamental problems on each of the three projects. I think they are resolvable, but there is going to have to be some give and some concessions by the three transit properties.

Some of the things that have been demanded by the properties are items that, as much as this committee and the Congress intends to have the contracts consummated, cannot be done. We have tried in a very contorted way to address the funding shortfall at a time when we have a budget that does not anticipate the additional funds.

Mr. LEHMAN. I am going to see what this vote is. If it is not too important, I might just finish off a few additional questions and we will be through for the day.

[Brief recess.]

MIAMI CONTRACT

Mr. LEHMAN. I have a few questions related specifically to the Miami contract. As you know, section 335 of the 1986 Appropriations Act states with regard to the Dade County DCM:

> Provided, that the absence of a federally approved environmental impact statement for this project shall not preclude or delay the negotiations required under section 320 of this act.

What is your interpretation of this language?

[The information follows:]

It is our opinion that section 335 does not suspend NEPA. Rather, it states that the absence of the environmental impact statement (EIS) "shall not preclude or delay negotiations." We do not think "negotiations" can be read to mean "obligation." Although we are directed by sections 320 and 335 to negotiate even in the absence of an EIS, the Appropriations Act does not mandate either execution of the full funding agreement or obligation of funds for the project until the EIS and other statutory requirements are met.

EXECUTION OF FULL FUNDING CONTRACTS

Mr. LEHMAN. In your March 20, 1986 letter you state the execution of a full funding contract constitutes an obligation of federal funds. Would you explain what you mean by "obligation"? You do not write checks out until grant applications are submitted and approved. How do you define obligation? Money is not obligated by UMTA until the grant is submitted and approved.

Mr. LASALA. That is correct, Mr. Chairman, and when we execute full funding contracts and when they are signed by the administrator, that constitutes an obligation of funds because a full funding contract is essentially a glorified grant contract. When those contracts are executed, that is the date of obligation of those funds. I will leave it at that.

Mr. STANLEY. If we were to execute the full funding contract in Miami, it would be an obligation of the 1984, 1985, and 1986 funds, which we cannot proceed on until the completion of the environmental impact statement. If that were not the case, we would not have had the problem in Los Angeles, because a year's delay on that was the result of our getting an inadequate environmental impact statement to cover the project.

NEPA REQUIREMENTS

Mr. LEHMAN. I have one final question. As you know, section 335 of the 1986 appropriations puts in there the notwithstanding provision of any law or regulation previously passed. That means with regard to environmental impact statement or otherwise.

With regard to the Dade County project, is there any statutory prohibition against your signing a full funding contract that states, in essence, that, subject to the availibility of funds from the Congress the federal share of the project will be $180 million and the obligation of these funds is contingent on a federally approved environmental impact statement? What is your statutory prohibition against you signing such a contract? You say your counsel says you cannot sign such a contract. Where does it say that in the statutes?

Mr. STANLEY. The statutory prohibition we have and the opinion we have gotten from counsel, the generic legislation is NEPA. The Council on Environmental Quality (CEQ) regulations specifically limit the actions that an agency can take during the NEPA process, which has just been begun. It reads specifically that until an agency issues a record of decision, no action concerning the proposal shall be taken which would, one, have an adverse environmental impact; and, two, limit the choice of reasonable alternatives.

While work on an EIS is in progress, CEQ regulations prohibit in the interim "any major federal action covered by the program which may significantly affect the quality of the human environment."

Whatever we would sign simply would not be a full funding contract. If we reached some kind of an agreement with all those contingencies, it would not be a full funding contract that obligated the money. It could not be.

Mr. **Lehman**. I am not a lawyer, but from the standpoint from just the layman's point of view, it seems to me that the last passed legal provision, which is the appropriations law, would supersede any of the other laws. It says specifically notwithstanding these others that the absence of an EIS should not preclude or delay the negotiations.

Mr. **LaSala**. Well, Mr. Chairman, you said it. It should not preclude or delay the negotiations and it has not done that, we do not believe. But it does preclude or delay the execution of a full funding contract and an obligation of federal funds for the project.

DADE COUNTY EIS

Mr. **Lehman**. What I have been trying to get to is that you can put these preconditions in there and, as I have said to Mrs. Dole and to Mr. Stanley, I am not trying to negotiate the contract. The contract has to be done between you and Dade County. I do not think you are that far apart. I think that somewhere in the near future that you and the people from Dade County can get together and resolve these differences. I would certainly hope so.

Mr. **Stanley**. We are not as far apart as we were at the beginning of the 90 day period. The fundamental issue is will the money be obligated if we execute an agreement with Dade County? The answer to to that remains no until the environmental impact process is complete. I think everybody understands that.

Mr. **Lehman**. If we could have a copy of that legal opinion for the record, we will know exactly what the legal reference is. That would be very helpful.

Mr. **Stanley**. I would like to submit that opinion. I am very, very cognizant of what you would like to see happen with regard to Dade County, Mr. Chairman. You have been extraordinarily helpful in moving the negotiations forward so far.

My concern is that at this point in time that the perception of what we have always had in full funding contracts and what Dade County wants and what we can do, there is a little bit of a difference. The difficulty is in actually obligating the funding right away before the EIS. All I can say is even if I wanted to do it, if I wanted to sign the contract that was presented to me, if I were on Dade County's—I am, unfortunately, a lawyer. If I was Dade County's lawyer, the lawsuit—I mean, if anybody objected to that and sued, the suit would be against Dade County and UMTA. That litigant would be correct in terms of the violations of NEPA. It may not occur. It is just a suit I do not want to defend.

Mr. **Lehman**. I do have to vote. I think we have covered most of what we were going to cover today. I might raise a couple of brief issues in relation to this tomorrow, but we will adjourn and reconvene tomorrow at 10:00 o'clock.

Mr. **Stanley**. Thank you, Mr. Chairman.

THURSDAY, APRIL 10, 1986.

FULL FUNDING CONTRACT NEGOTIATIONS

Mr. LEHMAN. The Subcommittee on Transportation will come to order.

Mr. Stanley, while I have no further questions on the full funding contracts, I would like to make one final observation.

You have said that signable contracts are near with Seattle and Los Angeles. I believe something can be worked out with Dade County, if you will only talk with them.

I trust that the Department will soon recommence the negotiations with Dade County and the others, and that the outstanding issues will be resolved in the near future.

But let me state that I believe the legislation and legislative intent are clear: that the Secretary shall continue negotiations until the full funding contracts are executed, and that not to do so is a violation of this legislation.

We will now turn to the section on operating assistance, unless you have a response to my final remarks.

Mr. STANLEY. I would say, Mr. Chairman, that I think the legislative intent is certainly clear and well understood by me and by the Department, and to say I hope that problems on the three contracts can be worked out. But you have certainly done an extraordinary service on behalf of Dade County. I would only add to your comments that it is going to take a good deal of understanding and cooperation on behalf of each of the three cities interested in those contracts, as well as cooperation on our part.

OPERATING ASSISTANCE

Mr. LEHMAN. Under your proposed legislation, operating assistance would be terminated in the large urban areas (200,000 or over in population), but would be continued in the small and rural areas.

You have agreed in the past that transit is a more integral part of the overall transportation system in large cities than in small cities.

In view of this, what is the rationale for proposing to eliminate operating assistance in those cities that are most dependent on public transportation?

In other words, why not put the money where the need is?

Mr. STANLEY. I think that the proportional dependence of small areas on operating assistance is greater. Our proposal was an attempt to not phase out operating assistance in those areas which were more highly dependent on it.

I have stated that transit, as a whole, is indeed an integral part of the overall transportation in larger cities; however, I note that the dependence on operating assistance is a much smaller proportion of the operating subsidies in the larger cities.

In New York, the operating assistance from the Federal Government really is only about four percent of their operating budget. You will find similar proportions in other large cities. Our effort was to target a limited amount of operating assistance toward the areas that need it the most, which are in the rural areas.

Mr. Lehman. If it is only four percent in the large cities as you say, the operating subsidies are very small, and that sort of contradicts your statement that operating subsidies tend to make labor negotiations too easy on the properties, and apparently, if the large cities are paying over 90 percent of the cost, they have a lot more at stake than the——

Mr. Stanley. I think it is clear——

Mr. Lehman. As opposed to the smaller cities.

Mr. Stanley. I understand, and I think operating subsidies, from whatever level of government, negate the need to bargain seriously. I would say, in New York City, the operating assistance we provide could be made up through a fare increase they have already anticipated. The money from the Municipal Assistance Corporation that will be going to New York, is more than twice the amount that the Federal Government provides in operating assistance, although I recognize that it is targeted for capital. But it would not be a major burden for New York City, and the other larger urban cities to make up Federal operating assistance.

Mr. Lehman. Does your wife, who lives in New York, agree with you on this?

Mr. Stanley. It is a tie on that.

Mr. Lehman. If your objective in eliminating operating assistance is to improve efficiency, would not the greatest incentive for improved efficiency occur in those areas that are receiving the largest percentage share of Federal operating assistance, i.e., the small urbanized and rural areas?

Mr. Stanley. In the rural and small urbanized areas, the way the program is working is that we cap the amount of money they get in operating assistance at 50 percent of their actual operating deficit. It is a perverse incentive in a way, in that in order to achieve that 50 percent level and maximize their use of Federal assistance, it is in their benefit to generate an operating deficit to keep fares low and increase service.

I think the greatest efficiencies have been achieved where there has been either a perceived or real threat to the availability of operating assistance. I think a reduction in subsidies is the best and most efficient way to realize those efficiencies.

IMPACT OF OPERATING ASSISTANCE PHASEOUT

Mr. Lehman. Last year we discussed a study prepared for your agency under your University research and training program (UMTA-CA-11-0023) which projects that a phase-out of Federal operating assistance would result in a 17 percent constant dollar increase in fares, 3.2 million less annual vehicle hours of service, and about 270 million fewer annual passenger trips.

Have you made any additional studies on the impact of the termination of operating assistance in the large cities?

And what dc you believe the impact of your proposed elimination of operating assistance will be on the service, fares, and ridership in these large cities?

Mr. Stanley. We have three additional studies underway. One is additional research by Dr. Pickrell of the Kennedy School into the causes of deficits in transit as well as the use of Federal assistance in the past.

We are also working with The Urban Institute to do a study and an analysis comparing total labor compensation of transit occupations, both public and private, with that in other occupations.

And finally, we have done a joint study, which we will be making available to the committee very shortly, by Dr. Teal at the University of California, exploring, on a real world basis, the options of contracting out and private sector participation.

The impact of operating assistance on service, fare and ridership levels in large cities is going to vary from city to city; but I do believe that the instinctive reaction of most transit authorities, namely that a reduction in operating assistance will result in lower service, higher fares, and a loss of ridership, ignores the ability of those cities to replace whatever operating assistance is eliminated, with local or State subsidies.

There is a substantial suplus in State budgets that could be and is being used for transit. The impact on those three items can be minimized by replacing Federal operating assistance with operating efficiencies, first, and State and local funds, second.

OPERATING ASSISTANCE CARRYOVERS

Mr. LEHMAN. In your March 11, 1986 letter, you state: "as the size of the urbanized area goes down, the proportion of carryover available for operating assistance tends to go up."

Does not this indicate that the large urbanized areas have at least an equal, if not a greater, need for operating assistance than the small urbanized areas have?

Mr. STANLEY. I think the analysis of the carryover available for operating assistance in the smaller urbanized areas shows that these areas cannot spend what they are being given in the formula account for the uses that are needed. One of the reasons is the cap of 50 percent of the operating deficit. While I do think large urbanized areas have a larger need for transit, I do not believe that there is a greater need for operating assistance in the larger cities because there is (a), a greater capability to replace that assistance, and (b), there are resources in larger cities that are not available in some of the rural and smaller areas.

OPERATING ASSISTANCE—PRODUCTIVITY

Mr. LEHMAN. One of the reasons for eliminating operating assistance that you have cited in the past is that the existence of Federal operating assistance results in lower productivity.

However, a recent study (AASHTO, Feb. 1985) indicates that from 1979 to 1982 State and local funding for transit operating assistance increased by more than $1.5 billion while Federal funding for operating assistance increased by about $150 million.

Why do you believe the substantial State and local funding provided for transit operating expenses is not already a sufficient incentive for local transit authorities to maintain or improve their productivity?

[The information follows:]

Although State and local funding for transit has increased substantially, this has not served as an adequate incentive for local transit authorities to maintain or improve their productivity. Evidence of this can be seen in the continued decline in transit labor productivity and the increasing cost per vehicle mile of service.

Perhaps one reason is that in spite of the large percentage increases in State and local subsidy support, their total contribution to transit amounts to less than 1 percent of their total budgets. Apparently they are not feeling sufficient budgetary pressure at this level of support to ensure that such productivity enhancing actions as service contracting, work rule modifications, service rationalization, and fare policy changes are adequately considered.

Another reason that rising State and local contributions have not provided much incentive to reduce costs is the monopoly environment of most transit service. Without competition local decisionmakers land taxpayers do not have any private sector benchmark for comparison against the inflated costs and declining productivity of a public sector monopoly. Creating a competitive environment for the selection of service providers would be a powerful incentive for reducing costs.

A number of States have taken action to reduce subsidy requirements by requiring their transit systems to recover a minimum share of costs from the farebox or to use their subsidy program to introduce incentives to control costs. For example, the following States all specify farebox targets or thresholds for local properties to meet in an effort to encourage financial efficiency and limit reliance on governmental subsidy: California, Connecticut, Illinois, Maryland, Minnesota and Pennsylvania.

In addition to putting a floor on farebox recovery proportion, the state subsidy program in Pennsylvania puts an upper limit on the annual cost increase over inflation in calculating the local subsidy entitlement. Additional State share can be earned as a bonus by improvement in any of four performance measures.

The Department believes that it is necessary to restructure the Federal assistance program in order to force localities to take responsibility for meeting their mobility needs in the most efficient and effective way possible, while also giving them the flexibility to use available Federal assistance funds to meet these diverse needs without the constraints of a categorial program structure.

TRANSIT PRODUCTIVITY

Mr. LEHMAN. According to a May 1985 report prepared by APTA, transit productivity has increased and performance improved in recent years and these improvements came about at a time coincident with the initiation and increase in Federal assistance to transit operations.

This study looked at 44 urbanized areas, 40 of which had populations over 200,000.

The report concluded that the number of passengers carried per employee increased by 14 percent from 1975 to 1980 compared with a decrease of 7.6 percent from 1970 to 1975, the five years prior to the Federal operating assistance program.

The number of passengers per vehicle mile showed a similar improvement and the real costs per passenger declined by 15 percent from 1975 to 1980 compared with a 36 percent increase in the previous five years.

Do you believe that this is an accurate report of the improvements in transit productivity during that time period? If not, what is the basis for your opinion?

Mr. STANLEY. I have no question about the accuracy of the measurements calculated in the report as APTA has chosen them. But my opinion is, that the study chose 44 urbanized areas, the two time periods, and the various performance measures on a selective basis.

First, with respect to productivity, all the transit authorities using APTA's published data, and APTA's own acknowledgement that a much better widely accepted measurement of productivity is vehicle miles per employee, you will find that labor productivity declined by 8.7 percent between 1970 and 1975, and then by a little over 10 percent between 1975 and 1980. Second, one observation about APTA's selectivity: the 1975 to 1980 period reflects the energy crisis and the increase in ridership that occurred during that time.

Two other observations I would make, Mr. Chairman. One, the rate of absenteeism in the transit industry is about three times higher than that for all workers. And two, total real compensation for transit employees has increased as much as 20 percent over the past ten years—that's after adjustment for inflation.

If you focus on the vehicle miles per employee, which is a much better measurement of productivity, there has not been a tremendous increase during that same period. Basically, if you broaden the sample of properties that are examined and select a more appropriate measure of productivity, the conclusions are the opposite of those cited in the question from that APTA report.

ABSENTEEISM—PRIVATE VS. PUBLIC SECTOR

Mr. LEHMAN. Your absenteeism data, could you detail that for the record? I would just like to see what you are comparing to what, in the way of private sector and public sector.

Mr. STANLEY. Right. It is higher, I understand, when compared to either private or public sector. I think the rate is on the order of about 14 percent, and I will provide that for the record, particularly the comparisons.

Mr. LEHMAN. All right.

[The information follows:]

A research study done for UMTA by Peat, Marwick, Mitchell & Co., "Study of Operator Absenteeism and Workers, Compensation Trends in the Urban Mass Transportation Industry," March 1980, developed an estimate that the average transit operator was absent 28.57 days per year, or 11.9 percent of the average annual scheduled workdays (excluding holidays and vacation). This report cites the *Wall Street Journal* as the source for a Department of Labor estimate that 3.5 percent of work hours are lost nationally through absenteeism. This is basis for stating that absenteeism is more than three times greater in the transit industry than elsewhere.

TRANSIT LABOR COSTS

Mr. LEHMAN. You have also stated in the past that Federal operating assistance has financed increased wages and labor benefits.

However, last year you acknowledged that progress has been made in holding down transit labor costs and APTA's report indicates that using the 1975 consumer price index as a base, top hourly rates paid to transit operators in 25 systems serving areas with over one million population actually fell 3.7 percent below the increase in living costs between 1975 and 1982. I shall insert two tables from that report in the record.

[The tables follow:]

Figure B-1
Real Top Hourly Wage Rate Trends in Transit:
25 Major Cities Over 1 Million Population

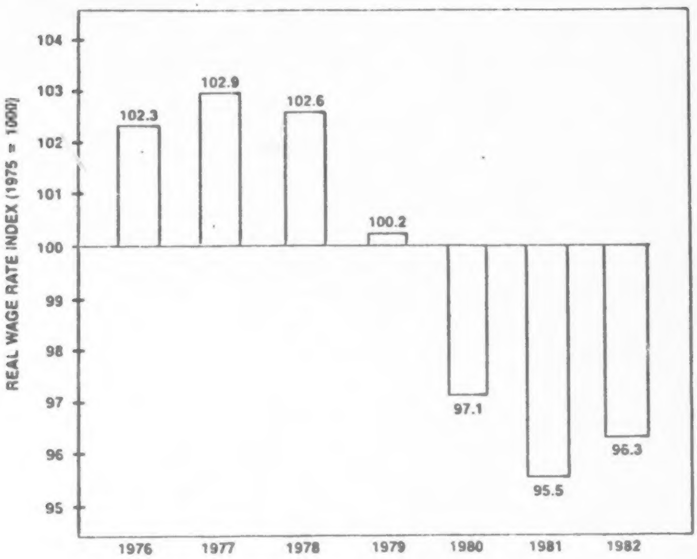
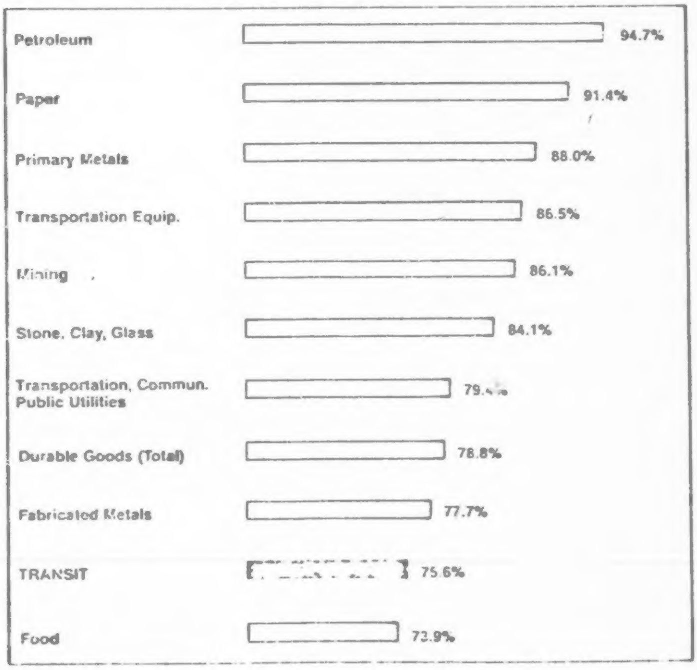


Figure B-2
Increase in Average Hourly Earnings of Workers in
Heavily Unionized Industries: Cumulative, 1975–1982



Mr. **Lehman**. Is it not true that even with Federal operating assistance most major transit authorities have done a relatively good job in holding down labor costs?

Mr. **Stanley**. I think in recent years, there has been a tendency to cap the increase in overall labor compensation, but if you look at the history of the Federal operating assistance program, particularly in the initial years, and until that assistance was at least capped and began to decline, there were very, very generous labor packages negotiated at the time.

And again with reference to the tables, while I do not doubt the accuracy both are based on an hourly wage rate. I think better measurement, in terms of compensation and labor, is a measurement which incorporates wage rates as well as benefits and pensions.

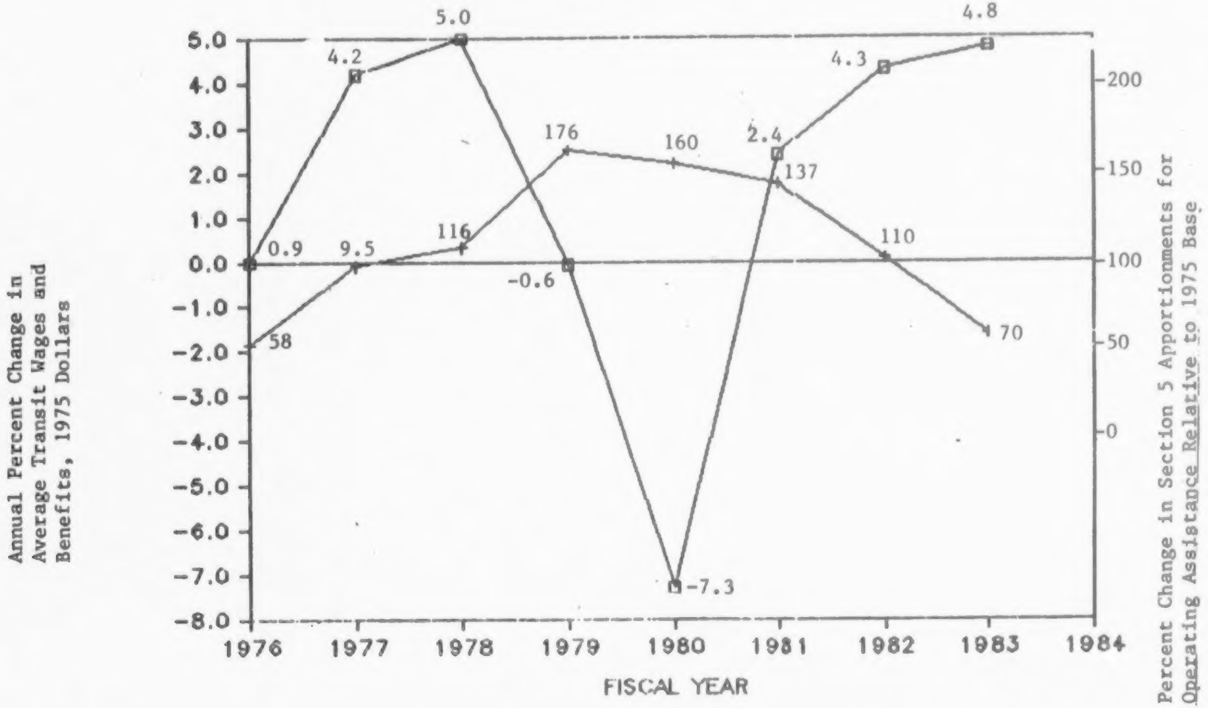
When you look at a cumulative compensation package for labor in the transit industry, it remains, as I indicated earlier—and we will answer for the record—fairly high both in comparision to private and public employees, and similar occupations, particularly with regard to private bus operators. The total compensation package is very, very significant, even though it may not be reflected. Although the hourly wage rate increases have been curbed to a degree in the last few years.

OPERATING ASSISTANCE AND LABOR COSTS

Mr. **Lehman**. Would you update for the record the chart included on page 682 of last year's hearing record showing operating assistance and transit labor costs since 1975.

[The information follows:]

IMPACT OF CHANGES IN FEDERAL OPERATING ASSISTANCE ON TRANSIT LABOR COSTS.
BASE = 1975 (All comparisons in 1975 Dollars) using GNP DEFLATION INDEX)



Estimates for 1984 Transit Wage and Fringe Benefit Costs will not be available for several months.

COMPETITION AND LOCAL INVOLVEMENT

Mr. LEHMAN. Are you planning to provide any types of managerial or technical assistance to the transit authorities in the large cities to help their transition to the loss of Federal operating assistance?

Mr. STANLEY. Yes, Mr. Chairman, we are. We have, in the last few years, a number of programs trying to assist transit authorities to increase competition and help them with regard to other sources of revenue. Mr Gimmler may want to comment on that.

Mr. GIMMLER. Yes. I would like to add something. I hope to have a chance this afternoon to speak in a little more detail about the restructuring of the Technical Assistance Program.

At this point, I would like to just mention one of the four lead programs that are now the focus of our priorities and our resources under the Technical Assistance Program. We are calling that lead program Competition and Local Involvement. It is designed quite precisely to address the question asked.

There are four program units under that lead program, the first being Competition, where we want to take an aggressive position now in exploiting the resources of the private sector in bringing costs down. We think that it is appropriate to deal with some of the structural problems that are resulting in the costs to the industry currently, and we will do that through a program to maximize revenues, and, on the other side of the coin to reduce operating costs, both by addressing means to increase productivity and by addressing energy, the largest component of the non-salaried costs to the industry.

The Privatization Program unit includes research, demonstration and information dissemination projects that will encourage and show the beneficial involvement of the private sector in transit operations, maintenance, and also administrative functions.

The major efforts of the Revenue Maximization program unit includes improvements in fare management procedures and techniques, optimization of fare structures and policies, and the development of guidelines to ensure accountability for revenues collected.

Managing Productivity is what we are calling the program unit that identifies personnel practices, procedures, and incentive devices that support employee and management initiatives to increase cost reduction and productivity increases. And finally, the Methanol and Energy program unit will focus on generic problems and identify ways of finding opportunities for participation by the private sector in the development of equipment and techniques aimed at reducing rising energy bills and meeting more stringent emission standards. So we have got four program units under this major lead program to address exactly the question you are asking.

Mr. LEHMAN. Some have suggested that these areas, to a greater extent, should rely on mechanisms such as tax increment financing and/or dedicated taxes, such as the sales tax, to make up for the loss of Federal operating assistance.

Are you taking or do you plan to take any actions to promote these types of concepts? We discussed this yesterday and if there is anything you want to add to your comments of yesterday, you may do so.

Mr. **Stanley**. In our Technical Assistance Program that Franz just described, I just want to add that there is no area of greater emphasis than financial planning. Not only to assist the areas in making up for a proposed reduction in operating assistance but also, to assure that for the capital investment that the Federal Government is making in a number of these systems, that there is a stable financial base locally to maintain and operate that capital investment.

INNOVATIVE FINANCING METHODS

Mr. **Gimmler**. Mr. Chairman, I have an opportunity to speak twice in succession about my lead programs, the second being financial reform. The question suggests that there are many devices, some were mentioned in particular during the testimony yesterday. I will not mention those, but I will speak to the second of our major lead program areas, which we are calling financial reform, and that is what the Administrator is speaking of, the importance of finding alternative financing mechanisms for the financing of the infrastructure.

The financing value program unit involves the development and dissemination of procedures, techniques and guidelines to maximize the value received from each dollar expended on new and improved transit facilities and equipment.

Innovative financing mechanisms will be studied to encourage and increase private participation. Activities will include the development of guidelines on innovative financing techniques, value capture, joint development concepts and construction management approaches that are being used in the private marketplace.

STRESS IN TRANSIT EMPLOYMENT

Mr. **Lehman**. Before leaving the labor area, I would just like to make one additional comment. We have talked about the rate of absenteeism of transit labor, and the fact that they are making more money than comparable jobs in other sectors, both public and private; but I cannot think of a more stressful job than driving a bus, and especially in one of our major cities.

It is a constant confrontation. The average person that gets on the bus is angry when he gets on because the bus is late, and I just wonder whether there are any programs that deal with some of these problems.

Mr. **Gimmler**. We are, Mr. Chairman, directly involved through the Managing Productivity program. One of the research efforts we are considering is a program to establish screening methodologies for bus drivers. It is a stressful job as you point out. On the other hand, a person who is emotionally and physically capable is quite competent as a bus driver.

What we find, that often the screening techniques are not adequate to screen out those who cannot cope physically or emotionally with the stresses of the job. Once they get on the job it is difficult for them to cope and they have alcohol problems and absenteeism problems. A methodology to screen those out before they are hired would address some of these problems.

Mr. LEHMAN. Do you sponsor any of these employee assistance programs that deal with these kinds of problems?

Mr. DELLIBOVI. Various transit properties have sponsored those kinds of employee assistance programs, sometimes with our direct assistance. In other cases, using their general operating funds, which is where they would appropriately come from, they have met with some success.

The Capital District Transit Authority in Albany, New York is a good example of one that has put a great emphasis on this. Throughout the country we find a number of our transit authorities that are concentrating on the people and resources that they have.

Mr. LEHMAN. Mr. Coughlin.

MAINTENANCE OF EQUIPMENT

Mr. COUGHLIN. Thank you very much, Mr. Chairman. I guess there are a lot of stressful jobs, including UMTA Administrator.

I do not want to let the operating issue pass us by, before bringing up my annual refrain. I can understand, to some extent, the rationale that those who control the wage rates, and the routes, and the schedules, and so forth, have some responsibility in the area of productivity. However, I keep coming back to the question every year of non-labor related maintenance, on the thesis that it does not make an awful lot of sense to be providing new buses and new equipment, and then letting it be run into the ground, without providing some assistance in maintenance of that equipment so that it is used in the future.

And I guess I never see—and this goes back a number of years—any major effort on the part of the Department, to come forward with legislation in that area.

Mr. STANLEY. Well, this year, Mr. Coughlin, we have taken very seriously your interest, and, in our legislative proposal reauthorizing the program, we have indeed expanded the definition of capital under Section 9 to cover such items as tires——

Mr. DELLIBOVI. Maintenance of equipment.

Mr. STANLEY. Maintenance of equipment and parts.

Mr. DELLIBOVI. We have expanded the capital definition.

Mr. STANLEY. The capital definition to do just that, and narrowed down the definition on operating assistance to exclude what has been the basis of our concern—wage rates and fuel, the basic operating items for which we do not have a direct involvement in negotiating.

And as a result, hopefully, if that part of our legislative proposal is adopted under the Section 9 formula program, those items that you have discussed in the past will be eligible as capital items under our program.

Mr. COUGHLIN. And we could also provide enough funding to try and provide some assistance in the area of that non-labor related maintenance.

Mr. STANLEY. We have expanded that item in Section 9.

Mr. **Gimmler**. Yes, and under Section 6, the Technical Assistance Program, we will be addressing that, attempting to bring the incentive plans and devices used in private sector into the maintenance shop to improve productivity and to improve the quality of the maintenance.

In addition under the privatization program, we will have two large demonstration projects to focus on the private provision of maintenance services, even when the public sector is operating this service. That will be funded at a total of a million dollars over the next year and a half.

Mr. **Coughlin**. Thank you, Mr. Chairman.

Mr. **Lehman**. Mr. Durbin.

DISABLED—SECTION 504

Mr. **Durbin**. Thank you very much, Mr. Chairman. Mr. Stanley, I am sorry I was not here earlier to listen to all of the questions the committee has raised and your answers.

I would just like to address two points. One reflects our conversation of last year about the proposed cuts in Section 9 and Section 18 grants, and the fact that the Administration's budget proposal would be devastating to the mass transit districts in my area.

We have tried to find ways to make up for the cutbacks which have been proposed by the Administration. But virtually every alternative involves either a massive fare increase or a massive property tax increase, which, I think in either instance would be self-defeating for mass transit in downstate communities in Illinois.

I know your philosophy on the subject. I am sure you have been asked and have had ample opportunity to state your position earlier. I think the committee, in its wisdom, will try and find an answer to this from our perspective.

The second question I would like to address is one that has become an important issue in my home, Springfield, Illinois, concerning to the access of disabled Americans to mass transit. I notice in the questions that the committee will be proffering to you, some reference to a decision by a Federal judge last December in which your Department was instructed to write regulations concerning accessibility for the handicapped to public transportation systems receiving Federal money. Could you give me a status report on where that issue is, what the outcome might be, and its impact on individual mass transit systems.

Mr. **LaSala**. I will try to do that, Mr. Durbin. A Federal District Court, in Maine, on December the 3rd, 1985, directed the Department to complete the drafting of the regulation and to transmit it to OMB and the Department of Justice within ten days, and then to continue to report to the court every 15 days on the progress and the status of the regulation.

That order has been complied with, and the 504 rule is in the final stages of coordination with the Office of Management and Budget and the Department of Justice.

Mr. **Stanley**. The Department, Mr. Durbin, has completed its work on the rule. There are several issues, which I would not describe as major, where we participated in the discussions with

OMB and the Justice Department, which I expect resolution on very, very shortly.

Mr. **Durbin**. Let me tell you the quandary we are in in my home city. I am sure you are not aware of it because it is a local problem at the moment.

The local mass transit district contracts out for transportation for disabled people through the Red Cross, which has small buses that go house to house, destination to destination, in response to telephone requests. There is a feeling among handicapped individuals in Springfield that they want to be mainstreamed; they want to have the opportunity to use regular bus service, regular bus schedules.

Of course that will not serve all of their needs, but they believe in the long-run, it is in their best interest. Therein lies the debate—whether or not the mass transit district should put lifts on buses, which are expensive, and in effect buy fewer buses to do so, or stick with the privatization of these services.

Can you tell me whether the regulatory scheme which you are developing would have any impact on that debate?

Mr. **LaSala**. The draft final rule that is being considered would require recipients of Federal funds to establish a special service system, an accessible bus system, or an appropriate mix of the two to meet the needs of the handicapped.

It is a decision that will be left to the transit authorities to make as to what the appropriate mix is to be. Each transit authority will be required, over a period of time, to phase in its program, and that is a program that will be monitored by the Department in its triennial reviews, as well as through annual reports by the transit authorities to the Department.

Mr. **Durbin**. Will it require a mix in each district, or that they use their regular bus service?

Mr. **Stanley**. I do not think it is required. It would permit that.

Mr. **LaSala**. It would permit it, yes. But it would require efforts by recipients of Federal funds to establish a special service, an accessible bus service, for an appropriate mix of the two.

Mr. **Durbin**. I see. So they would be given the option.

Mr. **LaSala**. They would be given the option.

Mr. **Durbin**. Are there other court cases pending, or that you are aware of? I understood there were some in the City of Chicago, that were more specific as to whether or not the actual mainline transit service would have to be made handicapped accessible.

Mr. **LaSala**. There are other court decisions, and suits pending. I am not sure of the particulars of each. Most of those that I am aware of have dealt with the Department's inability to get a final rule out within the prescribed period of time.

Mr. **Durbin**. Thank you very much. Thank you, Mr. Chairman.

REDUCTION IN CAPITAL GRANTS

Mr. **Lehman**. Thank you, Mr. Durbin.

In addition to your proposed changes in the operating assistance program, your capital grants would most likely be reduced by at least 50 percent below the fiscal year 1986 level. What analysis have you conducted regarding the impact of this reduction on transit authorities throughout the country?

Mr. STANLEY. If you look at the capital assistance that would be provided relative to our legislative and budget proposal, just three rules on what we could buy.

One is the funding that would be provided through the all-formula program which would satisfy all of the bus category needs, nationwide. As you are aware, Mr. Chairman, about 70 percent of mass transit ridership, nationwide, is on bus systems.

It would also be adequate, if restricted to rolling stock, to replace all of the rolling stock nationwide—rail and bus—consistent with the life expectancy of 12 years for a bus, and about 25 years for a rail car.

Al, you may want to comment on the rail mod aspect of it.

RAIL MODERNIZATION STUDY

Mr. DELLIBOVI. If I may, Mr. Chairman, I would like to use these charts to talk about the rail modernization study and our findings thus far, and we will submit copies of this for the record.

[The information follows:]

26(a)
UGM-13
Clarke

RAIL MODERNIZATION STUDY

TOTAL COSTS
TO FULLY REHABILITATE

(1983 Costs in $ Billions)

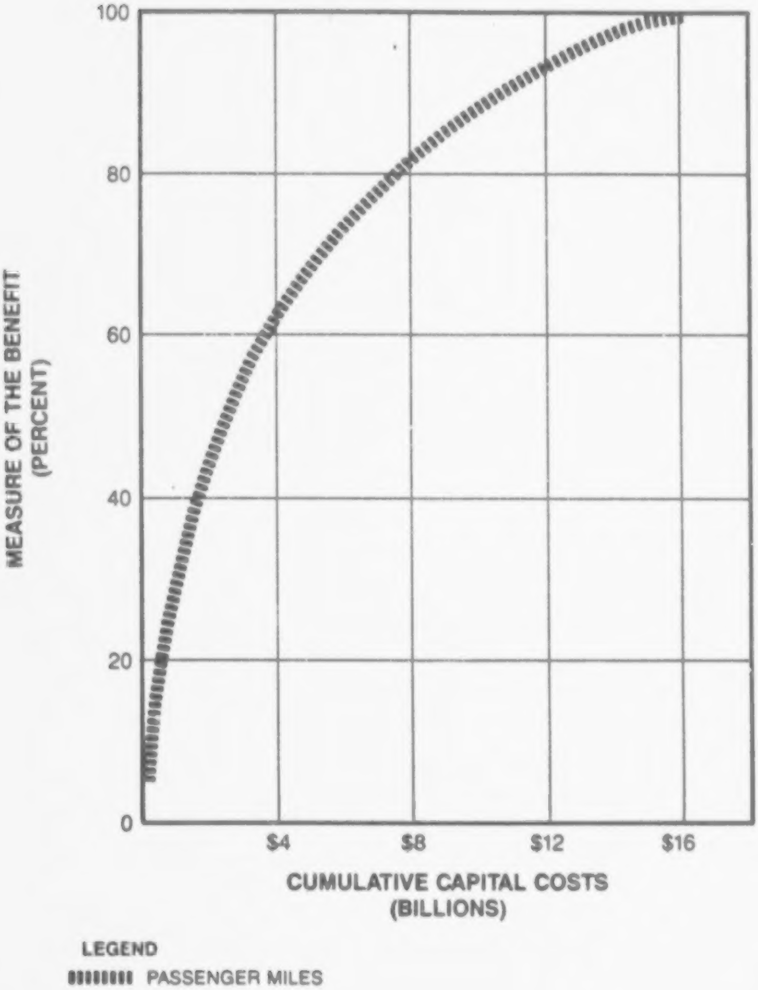
System Element	Type of Transit System			Total
	Rapid Rail	Light Rail	Commuter Rail	
Track	.569	.192	1.133	1.894
Vehicles	1.966	.373	1.032	3.371
Power Dist.	.898	.169	.510	1.577
SWC	1.704	.102	.887	2.693
Stations	2.626	.041	.521	3.188
Structures	1.993	.101	1.450	3.544
Maint. Fac.	.883	.047	.656	1.586
TOTAL	10.639	1.025	6.189	17.853
Percent	59.6%	5.7%	34.7%	100%

26(b)
UGM-12
Clarke

RAIL MODERNIZATION STUDY

TOTAL PASSENGER MILES PROVIDED VS. TOTAL CAPITAL COSTS FOR FULL REHABILITATION

ALL SYSTEMS



26(c)
UGM-13
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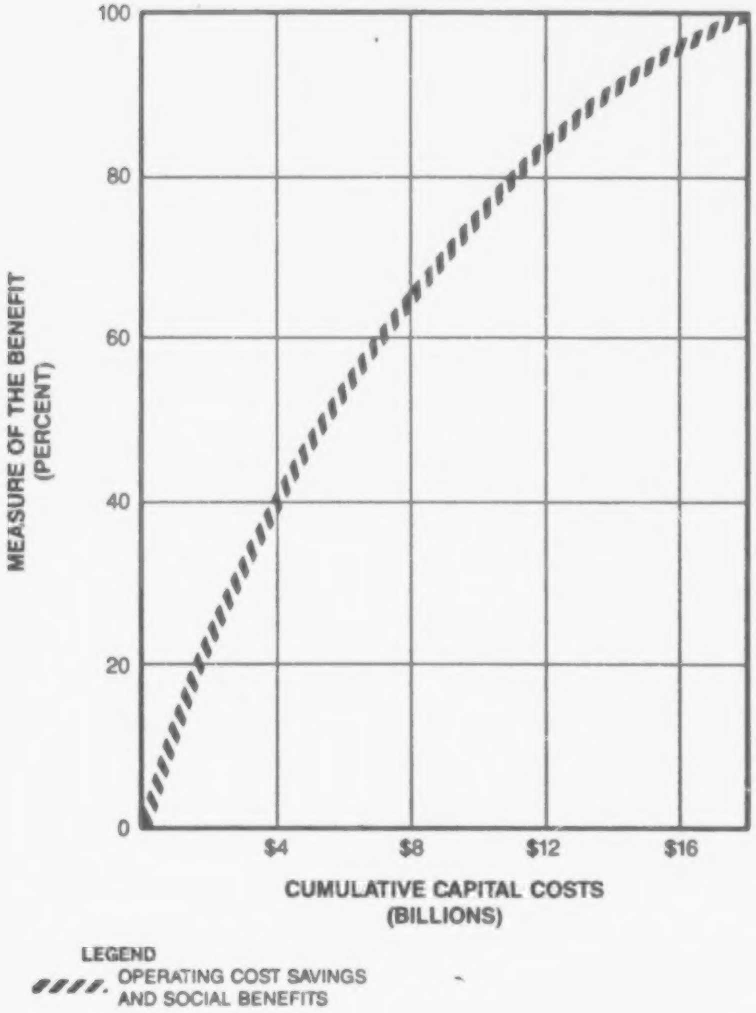
RAIL MODERNIZATION STUDY

TOTAL BENEFITS VS. TOTAL CAPITAL COSTS FOR FULL REHABILITATION

ALL SYSTEMS



26(d)
UGM-13
Clarke

RAIL MODERNIZATION STUDY
TOTAL PASSENGER MILES PROVIDED VS. TOTAL CAPITAL COST FOR FULL REHABILITATION
(SOME CONTRASTS)

System Type	Case	Passenger Miles (Millions)	Capital Costs (Millions)
Rapid Rail	A	83	$220
	B	151	$220
Light Rail	A	2	$38
	B	6	$35
Commuter Rail	A	7	$85
	B	14	$85

RAIL MODERNIZATION REHABILITATION COSTS

Mr. DELLIBOVI. The first chart depicts in 1983 dollars, the cost to upgrade and rehabilitate the existing rail systems in the nation, and restore them to a state somewhat like they were originally. This chart breaks costs down into three different types of systems—rapid rail, light rail, commuter rail.

We have then broken it down into the seven major expense categories of track, vehicles, power distribution, system-wide controls, stations, structures, and then maintenance facilities.

And roughly, we come up with a conclusion that about 60 percent of the cost, 59.6 percent, would be for rapid rail systems, about 5.7 percent of the costs would be on light rail, and about 34.7 on the commuter rail systems.

All told, one would come up with a total of $17.8 billion, if you wanted to replace exactly what you had when you started, and that is kind of the first phase of our rail modernization study.

But I would caution you that that number has to be tempered by the realities of who rides the systems and what we are buying.

If you look at the benefits, the cumulative benefits of that expenditure, you would find that if you spend about half of that $17 billion substantial improvements could result. This chart shows how the dollars would be spent compared to the riders that would use the assistance. So whereas you would have to go all the way up to $17 billion to benefit a hundred percent of the riders, if you were only to spend, say, half of that amount, down around this range, you are up in the area of 80 percent of the benefits.

So you can spend half of $17 billion and benefit 80 to 85 percent of the riders on those rail systems. Those numbers were generated by Gannett, Fleming Transportation Engineers. They will be part of the rail mod study which we intend to forward to you shortly, and that uses a cost-benefit ratio relationship that is basically based on passengers to miles costs.

We also had London Transport International (LTI) consulting with Gannett, Fleming on this study. In the United Kingdom, in rehabilitating the London system, they went through the same sort of analysis.

They had better data in terms of who uses the various systems. We could not apply all that data exactly to the United States, but as best we could, we did. LTI did the same that type of analysis and they came up basically with the same curve.

The significant thing is that whether you use the Gannett, Fleming methodology or the London Transport methodology, you can come up with basically the same conclusion. That is if you were to spend half the money you would be benefitting certainly more than half the passengers, at least 80 to 85 percent of them. The additional amount of money that you might spend restoring the system to what it was when it was first built benefits fewer riders. That is not surprising, when you consider that most of these systems were built at a time when commuting patters, residential patterns were much different.

So to replace something that was built just the way it was in 1920 may not reflect current commuting and residential patterns. This last chart kind of crystallizes that.

We have taken three examples of expenditures, one for each of the different type systems. Basically what we did in the rail modernization study was divide the entire existing system into 186 segments.

These would be pieces of the system that would be re-built complete for an expenditure. This is the way our major properties are looking at systems now. As you know, Congressman Coughlin, in your area, the Frankfort El is being approached by the Frankfort restoration, taking a certain segment along that way.

So we divided the nation's systems up into 186 segments, and what this chart depicts is the comparison of similar segments.

Here we have two segments, one that would also cost $220 million to rehabilitate, and the other that would also cost $220 million. We call them cases A and B. They are both rapid rail systems. They are both located in the major urban environment.

As a matter of fact, both of them are in my hometown of New York. The significance is that spending $220 million on segment A, you would benefit in passenger miles, 83 million passenger miles; on segment B, 151. So almost twice as many riders would get the benefits of that $220 million expenditure on segment B.

Mr. Lehman. We are going to have to go and vote, but let me see if I understand what I am hearing. You believe that with the 50 percent reduction, you can take care of your bus needs and replacements and with a 50 percent reduction you could replace rail cars.

Mr. McManus. Rail or bus.

But that is not in addition to the first.

Mr. Lehman. You can take care of bus replacement, you can take care of your rail replacement, and you can do a rail modernization that would take care of about 50 percent of your ridership.

Mr. Stanley. If we were to spend all of the capital funding in our budget proposal on rail modernization, we could take care of 80 percent of the essential rail mod needs, solely. But the three scenarios we have explained, Mr. Chairman, were not to be summed up, but any one of those three could be funded to that extent. If we restricted Federal assistance to rolling stock, buses, or rail car replacement, we could provide an adequate amount to replace all vehicles, nationwide, on that life cycle. If all of that assistance were to be used just on bus needs, which as I mentioned provides 70 percent of mass transit ridership, you could do all of the total——

Mr. Lehman. But not together.

Mr. Stanley. No. You cannot add them up. Those were two scenarios. But on the rail mod side, we are using these charts to prioritize rail mod investments, to get the greatest benefit for the investments.

Mr. Lehman. But not a whole lot of new starts.

Mr. Stanley. No. There is not a new starts chart.

Mr. Lehman. We will be back in a few minutes.

[A vote recess was taken.]

LOCAL FUNDING

Mr. Lehman. Last year when a similar reduction was proposed, most areas did not believe this kind of a capital reduction could be made up by a combination of state, local and private funding sources. What indications do you have that your proposed capital cuts will be made up by increased state, local and private funding, and, to the extent that your cuts cannot be offset by these sources, what options are available to these transit authorities?

Mr. **Stanley**. As I mentioned a little earlier, New York has taken the substantial surplus that has been generated by the Municipal Assistance Corporation and just within the last month, chosen to dedicate 20 percent of those revenues to transit, which will be a total of a little in excess of $200 million a year.

The capital cuts that we proposed, are not to be seen in summation, but there are substantial resources that could be purchased with Federal assistance. Also, the financing issue of transit in most of the major urbanized areas has led to a much stronger effort toward finally arriving at dedicated local funding, that I have seen in the past year and a half.

Mr. **Dellibovi**. I think, Mr. Chairman, that we have seen a number of instances across the country where either various direct or indirect funding mechanisms have been used. New York City recently designated the use of a portion of the Municipal Assistance Corporation funds that were generated to transit. Various dedicated taxes have been used for transit elsewhere.

I think it is important to keep in mind that there have been tremendous surpluses at state and local levels. In some states, they have chosen to use those surplus dollars for transit and other purposes that they deem important. In other states they have chosen to cut taxes instead, because they think that is most important. And in some states they have used a combination of those techniques.

IMPACT OF CUTS ON OLD RAIL CITIES

Mr. **Lehman**. According to the Chairman of the New York Metropolitan Transit Authority, your proposed capital reduction would be severe. He estimates that New York would lose nearly $200 million a year in capital assistance which would "push back the pace of MTA's capital renewal efforts to a level below that which would keep up with the aging of the system."

I would think that most transit authorities, particularly those with old rail systems, would have a similar response to your proposed reductions. Have you done any analysis of the impact your proposed reductions will have on those old rail systems?

[The information follows:]

Clearly, the Administration's proposal will reduce funding to the old rail cities. However, as the following table shows, the proposal provides a substantial transit capital resorce for these agencies.

The Urban Mobility Block Grant provides both highway and transit funding. How these cities spend Federal resources is their own choice; the table shows the estimated apportionments to these cities under the Administration's proposal. This provides significant funds compared to fleet replacement requirements for these transit cities.

Using our own nearly completed Rail Modernization Study, we can see that for each of the old rail cities, the Administration's proposal provides substantial funds.

[In million of dollars]

City	FY86 Sec 9 Cap. Only Apport.	Approx. Proposed Apport.	Fed. share Cost of Bus & Rail Fleet Repl.	Fed. share rail Mod. Cost at 80% Benefit level
Boston	39.4	44.2	22.8	20.4
NY/NE NJ	363.3	334.6	280.4	344.6
Phil.	50.6	62.8	31.5	46.9
Chicago	103.4	116.7	74.4	113.6
San Fran.	60.6	58.4	31.2	24.6
Cleveland	10.0	19.3	6.8	9.5
Pittsburgh	16.2	23.6	7.8	7.3
Total	643.5	659.6	454.9	566.9

FUNDING FOR OLD RAIL CITIES

Mr. LEHMAN. Last year you estimated that your budget proposal would provide about $500 million for the old rail systems. If a similar amount were to be provided under your fiscal year 1987 budget, this would represent a reduction of about $500 to $600 million below the level provided for the past four years.

Do you really believe these systems can survive this large a reduction in Federal assistance?

[The information follows:]

We believe the amount provided represents a reasonable Federal share of the total cost of providing a basic level of mobility for the citizens of these areas. Since the benefits of transit are local, we believe that the transit infrastructure problem in these cities, like all of transit, is primarily a local responsibility. The Federal role should be limited to ensuring that those funds made available are spent on the highest priority projects in terms of their cost-effectiveness. The Federal Government should not be considered as being responsible for providing all funding for modernizing the rail systems in these cities. Much of the investment needed should be funded at the local level.

Consistent with this view, we have recently seen increasing contributions to transit infrastructure investments from the State and local governments. The States involved have reported budget surpluses, unlike the Federal Government's $200 billion a year deficit, and a number have recently cut taxes. The capacity exists at that level to make up any reductions in Federal funding mandated by a need to reduce the Federal deficit.

In addition, we have seen increasing interest on the part of the private sector to become involved in financing transit infrastructure improvements. Also, given the benefits obtained by private property owners and developers from the operation of present or proposed transit facilities, it is only right that they be called on to pay a portion of the cost of these facilities.

The Block Grant legislative proposal will also give these areas an opportunity to use former highway funds to make up any cuts in Federal transit assistance. Over $300 million in highway funds attributable to these urbanized areas themselves, as well as the remainder of the Block Grant being programmed by the States, could be used for transit, if the projects were sufficiently cost-effective to be given high priority.

RAIL MODERNIZATION

Mr. LEHMAN. The amount required to maintain and modernize our existing rail transit systems is substantial. According to APTA this amount could be as much as $15 billion over the next five years. We have been advised that your study of rail modernization needs has been essentially completed for over a year, and last year you stated that this study would be completed by Fall of 1985.

What has been the delay in making available the results of this study?

[The information follows:]

The Engineering Cost Estimate Phase of the study, completed in the Spring of 1985, covered only an estimate of the current condition of the rail systems and the costs to bring all elements of these systems up to a good state of repair. It in itself is not a "needs" estimate in that it does not make any assessment of the cost-effectiveness of making the suggested improvements, nor does it assess alternatives to the rehabilitation of these rail systems, given current funding realities. Accordingly, we initiated the second phase of the study to include such analysis. Only when the issue of cost-effectiveness is included will we have a complete analysis for consideration by the Department and the Congress.

The second phase was begun in Mid-1985 and involved a detailed assessment of the costs and benefits of the improvements proposed, on a segment-by-segment basis. This required development of a methodology for assessing the condition of each segment, the projects needed to improve the segments, the utilization of each segment and the benefits achieved from the improvements proposed. This was, of necessity, a time consuming effort which is just now being completed.

Mr. LEHMAN. Can you tell us when you might release this study?

[The information follows:]

We expect that the Rail Modernization Study final report will be ready for release in about two months. As a formal Departmental report it will, of course, have to be cleared by the Office of the Secretary and the Office of Management and Budget before release.

APTA'S RAIL MODERNIZATION NEEDS ESTIMATE

Mr. LEHMAN. In the past you have stated that you believed APTA's rail modernization capital needs estimate of about $15 billion over five years was a reasonable one. Does the data from your study confirm that estimate?

[The information follows:]

The study shows that the estimate made by the American Public Transit Association is too high. It shows that the total cost from all sources to restore the most cost-effective segments of the nation's rail systems to "good" condition, and to keep them in that condition through the next ten years, is less than $9 billion. The cost to restore all segments is about $17.8 billion over the next ten years.

The results highlight the need to examine closely the cost-effectiveness of Rail Modernization projects as is required for New Starts. In terms of the number of passenger-miles served per dollar of restoration costs, the best segment has a cost-effectiveness ratio 7300 times that of the least cost-effective.

The results show that the most cost-effective segments, which serve 85 percent of passenger miles, can be restored to good condition for about one-half of the total ten year cost of restoring all segments. Applying a methodology for estimating the overall benefits to users and operators of the proposed improvements, developed by London Transport (LTI), shows that half of the expenditure would achieve 70 percent of the benefits calculated in that way.

Thus annual expenditures of about $900 million (or about $675 million Federal share) will restore service to good condition for the bulk of rail users. The budget level proposed will provide a large share of these funds with about $480 million per year going to the major rail mod cities.

BUS PURCHASES

Mr. LEHMAN. According to information you provided last year UMTA funded bus purchases dropped from 4,600 in 1981 to less than 2,500 in 1984.

Have you examined the impact your proposed capital assistance reductions will have on our nation's domestic bus manufacturing industry?

[The information follows:]

At the proposed budget level of $1.2 billion, there will be sufficient funding to cover all bus needs for all the nation's transit systems. Therefore, the reduction in capital assistance need not have an impact on bus purchases nor on the nation's domestic bus manufacturing industry.

Mr. LEHMAN. Last year it was indicated that only about one-fourth of your bus grants were used for the purchase of new buses. The remaining funds were used for bus garages, communications and computer systems, bus shelters, and other bus related projects. If this past ratio were to be continued under your proposed fiscal year 1987 budget proposal, would it not result in a much smaller number of bus purchases?

Mr. STANLEY. Mr. Chairman, the bus ratio that we noted in the record last year of about 25 percent has improved. We believe for fiscal year 1985, the amount of assistance going toward the purchase of new buses will be at about a 40 percent level.

A preliminary review of the program plans for fiscal year 1986, indicates that that may go up as high as 50 percent this year. So, in the use of resources in 1985 and 1986, we are seeing a trend back upward in the purchase of buses.

CAPITAL FUNDS DISTRIBUTION

Mr. LEHMAN. Would you update for the record, the table on page 689 of last year's hearing record showing the distribution of UMTA capital funds among the bus, rail modernization and new starts categories for fiscal year 1979 through 1986?

[The information follows:]

UMTA CAPITAL FUNDS, FY 1980–1986

[In millions of dollars]

	Sections 3,5,9A and 9						
	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86 (est.)
Bus Capital	836.3	926.2	829.7	1,117.7	915.2	804.3	800
Rail Modernization	760.0	925.6	848.8	1,110.1	1,003.8	1,001.4	1,000
New Starts	410.0	393.0	225.4	276.6	396.0	319.5	520
Total	2,006.3	2,244.8	1,903.9	2,504.5	2,315.0	2,125.2	2,320

BUY AMERICA PROVISION

Mr. COUGHLIN. Mr. Chairman, may I make a comment?

Mr. LEHMAN. Mr. Coughlin.

Mr. COUGHLIN. You are proposing, as I understand it, to repeal the Buy American Provisions of the Surface Transportation Act of 1986. And have you analyzed what the effect of eliminating the 51 percent American content provisions would have on domestic suppliers of rail transit equipment?

Mr. STANLEY. We have not done an economic analysis. The proposal on the elimination of Buy America is consistent with the Administration's overall effort with regard to trade.

Mr. COUGHLIN. But you have no analysis of what the effect would be?

Mr. STANLEY. No. We have not done an economic impact analysis of that proposal.

Mr. **Coughlin**. Have you done any analysis of whether this will make transit equipment cheaper when you take into account the total cost resulting from the loss of American jobs who, of course, generate Federal and local taxes?

Mr. **Stanley**. No, sir, we have not.

Mr. **Coughlin**. So, you have done no analysis at all on what the effect of this would be?

Mr. **Stanley**. No, we have not done an economic analysis specific to the transit industry based on the proposal and the authorizing legislation to eliminate Buy America.

Mr. **Coughlin**. Do you think that such an analysis should be done?

Mr. **Stanley**. If you would like us to do such an analysis, Mr. Coughlin, we would be glad to. Again, that is a proposal in the authorizing legislation that has not been adopted. I am sure that we can come up with an analysis, both on the impact on jobs and on the competitiveness of the American transit industry in that regard.

Mr. **Coughlin**. Well, I think that analysis would be important if we are being asked to consider that. As Counsel points out, it is doubtful that Congress is going to give it very serious consideration unless there is some documentation for it.

Mr. **Dellibovi**. I was just going to say, Mr. Coughlin, that there has been a tremendous number of problems in the transit industry with the current requirements. There are a limited number, very limited number of domestic suppliers and one principal one. New York, which is one of the largest purchasers of rail cars, has had to resort to purchasing them without Federal funds, in order to avoid the procurement problems that were associated with using those funds domestically.

We have seen, even with the involvement of foreign manufacturers, manufacturing and assembly plants arising in this country—a large one in Barre, Vermont, and another one in upstate New York. Both are by Bombardier.

There is an assembly plant in California that has come in and another one in the Boston area.

So there has been some on-shore development of a competitive industry in places where they have been able to work either without buy America, by using local funds, or under the umbrella. But one of the problems is that there is really essentially only one domestic manufacturer in this country.

Mr. **Coughlin**. Do you think that maybe the Buy America provisions were the reasons for having these new companies on-shore?

Mr. **Dellibovi**. Well, I would say that in the case of the largest ones which are Bombardier, that is not the case. Most of those cars were bought without the Buy America requirement, because they were bought with New York funds alone.

PRIVATIZATION

Mr. **Coughlin**. Thank you, Mr. Chairman.

The Conference Report accompanying H.J. Res. 465 reiterates the Urban Mass Transportation Act that the Federal policy relating to the choice of service providers is one of neutrality. The report also states that the extent of private sector involvement is best decided at the local level. In your November 18, 1985, letter you stated that "applications which are specifically for projects which include private sector participation will receive special consideration" and that "in administering the planning grant program, studies pertaining to encouraging private sector involvement in mass transit will continue to be a special emphasis area . . . the normal 20 percent local matching share for this category of studies will be waived."

Have you modified your position regarding those two staements since the explicit directive in the Conference Report that the Federal policy in this area is to be one of neutrality?

Mr. STANLEY. Yes, Mr. Coughlin, we have. I would like to take this opportunity to comment on the first part of the question, namely the reiteration that the UMTA act provides neutrality towards private sector involvement.

Our efforts on privatization and terms of providing technical assistance, and I would stress that we have encouraged it, not required it—is really in conformance with Section 8(e) of that UMTA Act, which reads, "that the plans and programs required by this Section shall encourage to the maximum extent feasible the participation of private enterprise."

We have attempted, without requiring a given percentage of private participation, to comply with that statutory language in our Act, which has been part of the enabling legislation since 1978.

Mr. COUGHLIN. Let me yield back, because we are going to be hitting a vote crunch here, momentarily.

Mr. LEHMAN. What is going to happen apparently, is that there is going to be a series of up to maybe 20 votes. That is the good news.

Anyhow we will recess until 1:30 p.m.

You may want to call us to make sure that we are back because there is no reason for you to come back until we are ready for you.

Mr. STANLEY. We will stay in touch with the Committee.

Mr. LEHMAN. Okay, as soon as the last vote passes, somewhere around 1:00 or 1:30, we will resume.

Mr. Watkins?

TRANSFER OF FUNDS TO FHWA

Mr. WATKINS. Mr. Chairman, and Members of this Committee, I appreciate the opportunity to come before this Subcommittee. I have had the opportunity to serve on the full Appropriations Committee and two other Subcommittees.

I am deeply concerned, about the action and the lack of action by you, Mr. Stanley, in the way that it is construed by UMTA and the transferring of money to the Federal Highway Administration and more specifically about the Shawnee Airport Highway demonstration program. This has been very upsetting to a lot of people in my District and throughout the area where I have worked to try to correct the problem. And the Committee, the Subcommittee here, had been gracious enough to listen to it and not only look at it, but a member went there to see the problem. And they in their wisdom decided in legislation, by law, that to transfer some monies from

UMTA research and development to the Federal Highway Administration.

And you opposed that. Have you seen the error of your ways. Are you above the law or what?

Mr. Stanley. No. I do not consider myself above the law, Mr. Watkins. We have transferred the $1.35 million to the Federal Highway Administration.

I would say we checked again with regard to the $40 million transferred out of our research account. It did take some adjustment in a lot of the research plans we had, but the funds did, indeed, go to the Federal Highway Administration.

I would point out that the Federal Highway Administration, as of yesterday and today, indicated to us, in terms of actually obligating the money toward it, that no project application has been received.

We had some discussions with the Treasury Department about the need to have the appropriations act with the statutory cite before the funds could be transferred. But again, as we speak today, no project application—although the funds are, indeed, in Federal Highways to be obligated—has been received.

In my experience in working with some of the highway demonstration projects in the past, in the Department, they cannot obligate the funds until such application is received.

Mr. Watkins. Well, I think that we ought to question you, Mr. Stanley, to explain your opposition against it. It was very much construed that you were against it, even though, after the Committee had seen that the funds were available there, and that they would be better utilized in this manner.

But you say that those funds have now been transferred and you will be working closely to make sure that they are utilized?

Mr. Stanley. Oh, indeed, they have. They were transferred on March 14th. Initially, in reading that the funds were appropriated for research and demonstration I did not know much about the project. We did transfer them on March 14, though, and I can assure you that they are, indeed, available for that demonstration project. They will be obligated not by UMTA but by the Federal Highway Administration. I can encourage the Federal Highway Administration to obligate the funds, but I think that——

Mr. Watkins. Let me tell you one of the big reasons why—the Committee here voted a very small amount of $1.35 million and that is half of it. If we can work out tying the two chunks of money there, roughly the same amount, we could save nearly $500,000. But by this delay and by this opposition, it has nearly cost the government another $500,000 or by asking the Committee to try to help us for an additional $500,000.

So, I think by our moving on this now, I think that maybe we have got time and maybe the Committee would help with the other additional, roughly about a $1 million, we can save about $500,000 on this project.

So, I want to tell you that I think that we were in a dilemma, and it is going to cost us a lot more money and the government a lot more money by the inaction, by the opposition and I hope that what this Committee does in the next six months to a year, you will try to be cooperative with and try to move with, so that we can have a smooth transaction and save the taxpayer some money.

Mr. **Stanley**. I would like to do the same. I will ask the Federal Highway Administration. The fact is that the funds are available now, but there had not been an application at the time of the transfer.

Mr. **Watkins**. They had not put in an application because of your opposition. They were delayed.

Mr. **Stanley**. Okay, again, the funds have been available since the 14th and I am sorry if my delay caused any increase in costs and I trust that it will be done as expeditiously as possible.

Mr. **Watkins**. The Federal Highway people of Oklahoma have received that application early and all but they had not received any cooperative attitude, positive attitude from your people that this was going to take place.

I think that maybe if that has now come down by what you have indicated, then maybe we can resolve this situation and also again, save the taxpayer some money.

I think that we all want to do that in solving a real emergency problem in my District. And again, I want to express my thanks to the Chairman and this Committee for allowing me to come by this morning, Mr. Chairman, and also try to work with me in resolving this trap, a death trap situation that is in Shawnee and Pottawatomie County in Oklahoma.

So, Mr. Chairman, thank you and thank you for your help this year.

Mr. **Lehman**. We will see you back on the FAA.

I have some questions by Mr. Pursell for the record.

PRIVATE SECTION INITIATIVES

Mr. **Pursell**. Last year, we discussed the formation of your new "Office of Private Sector Initiatives". I agree with you that the private sector must become more involved. I am a strong believer in privatization.

Would you explain what you mean by "privatization"?

There appears to be a feeling in the transit community that your policies in this area are intended to return public transit to the private sector, is this true?

[The information follows:]

The Urban Mass Transportation Administration's efforts with privatization are focused on creating a public/private partnership at the local level, not forcing the public sector out of mass transportation. These partnerships are generally established in three distinct areas. One, public transit authorities seeking the most cost effective methods to deliver service competitively contract of services to private operators. Under this scenario, the public agency sets fares and service policy, thereby maintaining public control. Second, private developers, through joint development or special tax arrangements, contribute to the construction or improvement of major capital mass transportation facilities. Third, the business community assists in solving local transportation problems through a variety of actions including, adjustments in parking policies, staggered work hours, transit passes and the formation of car and van pools.

Mr. **Pursell**. Your "Guidelines on Private Sector Participation for Section 18 and Section 16(b)(2)" and "Guidance on Documentation of Private Enterprise Participation in Urban Mass Transportation Programs" have caused quite a stir in the transportation community. My transit systems seems very unhappy about your guidelines.

As your guidance was being developed, was advice sought from transit systems from all parts of the country regarding potential areas of compliance?

[The information follows:]

In issuing the Section 18 and Section 16(b)(2) guidelines the Urban Mass Transportation Administration (UMTA) has requested comments from the transit industry and others. These guidelines will not require project documentation until FY 87. If the comments provide a basis for revision, UMTA may make adjustments to these guidelines prior to FY 87.

Mr. PURSELL. Was the comment period extended from 30 to 60 days and why?

[The information follows:]

The comment period for the guidance on the Sections 3, and 9 programs was extended from 30 to 60 days, because of several requests for extension by potential commenters. The comment period was originally limited to 30 days because the guidance affected FY 86 projects, whereas the guidance from Sections 18 and 16(b)(2) programs was 60 days from the outset since the projects would not be affected until FY 87.

Mr. PURSELL. When the privatization guidance was promulgated, was there immediate implementation?

[The information follows:]

In the case of the Sections 3 and 9 programs guidance, documentation requirements do affect FY 86 projects. However, grantees have been aware of Urban Mass Transportation Administration's private sector policies since their issuance in October of 1984. Documentation for FY 86 is not expected to be onerous. Grantees need only supply a 2-3 page document outlining what they have done to date and what they intend to do in the future. The Section 18 and Section 16(b)(2) guidance does not affect projects until FY 87.

Mr. PURSELL. I have been told that three are numerous technical problems with these "guidelines". Do you agree that there are many technical problems to be resolved?

[The information follows:]

We do not believe that there are significant technical problems with implementing the guidance since its general thrust is limited to consideration on the benefits of utilizing the private sector. Decisions as to actual inclusion of the private sector are made locally. Specific issues such as comparing public and private costs have been discussed. However, techniques for comparing public and private costs are well known. Local authorities have been making such decisions for a long time. However, if the Urban Mass Transportation Administration were to promulgate specific guidelines for such analysis, we would do so only after full consultation with public and private providers.

STAFFING LEVEL IN REGIONAL OFFICES

Mr. PURSELL. Are you allowing the staffing levels in your regional office to drop to the point where the processing of grants is impeded?

How many vacancies in regional offices remain unfilled at the present time?

[The information follows:]

No, we are not allowing staffing levels in our Regional Offices to drop to the point of impeding grant approval. On the contrary, we are continuing to take steps to maintain and improve the processing of grants in a timely manner. For instance, in January of this year, we implemented a 45-day turnaround procedure for Section 5, 9A, and 9 grants. Improving the effectiveness and efficiency of the grant delivery process is one of our primary objectives at UMTA. Within available staffing allowances, we always will ensure that adequate resources are made available to meet program needs; but at the same time, we will make every effort to streamline UMTA programs and reduce paperwork requirements in order to ensure that we have adequate numbers of regional positions to process grants.

As of 04-20-86, five vacancies remain unfilled in the Regional Offices.

GUIDANCE TO GRANTEES

Mr. PURSELL. Has the Urban Mass Transportation Administration under your guidance significantly changed its role in regard to Grantees?

Explain.

[The information follows:]

For the last few years, UMTA has been moving away from a project-specific, paperwork-intensive application approval process. We are, instead, redirecting our role to one of greater project management oversight. We have administratively transferred program management responsibilities to the States for the Section 16(b)(2) program, and the State governments have assumed primary responsibility for the Section 18 grant program. About half the states are administering the Section 8 planning program for urbanized areas under 200,000 population. UMTA has recently developed draft guidelines designed to provide increased opportunities for States to administer Section 9 formula grant programs for urbanized areas under 200,000 population.

With regard to management oversight, UMTA has secured contracts with private engineering firms for reviewing major rail construction projects. Also, the mandatory triennial reviews under our Section 9 program have further enhanced our oversight of a majority of grant recipients.

UMTA is also giving greater emphasis to those provisions in the law calling for participation of private enterprise in the UMTA program. For Section 3 grants, we are encouraging applicants to demonstrate significant use of competitive bidding for service as well as providing other private sector opportunities to reduce or minimize various transit operating costs. For Section 8 planning grants, studies pertaining to encouraging private sector involvement in mass transit continue to be a special emphasis area, and the normal 20 percent local matching share for this category of studies is waived. For Section 16(b)(2) and Section 18 grants, UMTA has pointed out to its constituents that the basic spirit and principles of private sector involvement apply to these programs as well, and it should be recognized in the project and program development process.

INCREASED COMPETITION

Mr. PURSELL. Is it true that a proposal being developed for "competition" within public transit industry would set quotas or goals for bidding out routes or services as a percentage of total budget not as a percentage of Federal funding?

[The information follows:]

The Administration's proposal for competition would ask that, Federal grantees develop a portion of their services competitively based on an annual increase equivalent to 5, 10, 15, 20 percent of their operating costs. This figure, however, does not exceed the amount of Federal assistance available to a locality. It should also be emphasized that either a public, private-for-profit or a non-profit agency can compete and be awarded service delivery. Therefore, the proposal does not favor public or private providers.

Mr. PURSELL. If such a proposal were being developed would any credits be given for existing involvement of private operators in public transit operations?

[The information follows:]

The proposal recognizes any competitively developed service as fulfilling the requirements. The proposal also recognizes competitively developed support services, such as, maintenance as qualifying competitive services.

Mr. PURSELL. Do you see any contradiction in your policy which allows a private operator to make a profit on a publicly subsidized service while you propose to ban public operators from operating charter service which could reduce the amount of public subsidy required?

[The information follows:]

No, we believe that the government should not be involved with the provision of services that can be adequately handled by the private sector in the market place and, certainly should not compete against the private sector with public subsidies supplied by the taxpayers. Congress did not intend to provide Federal assistance for charter services. Our analysis shows that public agencies are not making money on public charter services at any rate. If public agencies wish to reduce their public subsidies, studies demonstrate that it is far more effective to do so by competitively contracting transit services with private operators at a cost of 10 to 50 percent less than with direct public operation.

TAX OVERHAUL PLANS

Mr. PURSELL. Have you had any input or involvement into development of options for tax overhaul plans which would create an environment where industrial development bonds, safe harbor leases, or increased deductions for transit passes might encourage more private side investment in public transit?

[The information follows:]

Urban Mass Transportation Administration has been working with a number of other Federal agencies to determine how private sector investment might be generated. However, these initiatives are still in the policy formation stage.

TRUST FUND SPENDING LEVELS

Mr. PURSELL. Why is not the full amount of the transit account in the Highway Trust Fund being expended for the purposes for which it was collected?

[The information follows:]

The one penny per gallon user fee on motor fuels generates about $1.22 billion per year for mass transit capital projects. In FY 1987, program levels for both FHWA's Highway Account and UMTA's Mass Transit Account are at levels which make full use of that year's user fees.

In FY 1987, if interest revenue in the Mass Transit Account were allowed to be expended, it would increase the total Federal deficit and would increase the Department's difficulty in meeting its Gramm-Rudman outlay targets.

In accordance with the law, Treasury holds the funds in the Mass Transit Account in the form of interest bearing securities. Interest payments are expected to generate an additional $275 million in FY 1986 and $313 million in FY 1987. Thus, this interest revenue plus existing Mass Transit Account balances, are the basis for projecting that the Mass Transit Account can support a higher level than $1.22 billion. The following table shows the projected interest on the assets of the Mass Transit Account:

MASS TRANSIT ACCOUNT REVENUE

[In millions of dollars]

	FY 1985 (Actual)	FY 1986 (Est.)	FY 1987 (Est.)
Motor Fuel Taxes	1,214	1,078	1,216
Interest	206	275	313
Total Revenue	1,420	1,353	1,529

The interest revenue deposited into the trust fund represents an intragovernmental transfer from the general funds of the Treasury to the Mass Transit Account. If this interest was expended, it would add to the Federal deficit.

AFTERNOON SESSION

PRIVATE ENTERPRISE PARTICIPATION—DENVER

Mr. LEHMAN. The Subcommittee will come to order.

Last October you threatened the Denver RTD in an apparent attempt to get them to modify their private enterprise participation policy. What is the current situation in regard to this matter?

Mr. STANLEY. Mr. Chairman, we communicated with Denver last October and raised an issue with them, that not their private enterprise policy, but a labor agreement they had entered into may be in violation of Section 8(e) of our Act.

Since then, we clarified what I think was a misunderstanding in the initial letter. Subsequently, we received from Denver just recently a copy of a policy adopted by the board, which fully adopts a policy that is in compliance with Section 8(e). That matter has been clarified with the RTD, and there is no disagreement between UMTA and the RTD in this regard now.

Mr. LEHMAN. On January 24, 1986, you published new administrative guidelines regarding private sector participation in UMTA programs.

How many comments were received on these guidelines and to what extent were the comments received favorable?

Mr. STANLEY. Mr. Chairman, the administrative guidelines that we published, and we specifically did not initiate a rulemaking on this, held the comment period open to approximately mid-March. We received 220 comments on them. The breakdown was about 141 from private operators, 70 from UMTA recipients and public agencies, three from transit unions, and four from other sources.

The majority of them were generally favorable. There were a number of suggestions on how the guidelines could be more specifically improved, which we are going through right now.

Mr. LEHMAN. Have you made any modifications as a result of the comments received?

Mr. STANLEY. We will make some modifications as a result, but as I indicated, we have just begun to review all of the 400 comments that we received. This should be complete within a month.

Mr. LEHMAN. Have you delayed any grants or threatened any transit authorities with a delay based on these guidelines? If so, would you explain.

Mr. STANLEY. Guideline circulars and UMTA administrative letters do not have anything to do with the processing of grants. Although we have been very open about encouraging transit authorities to maximize their competition, we have not delayed any grants whatsoever in relationship to the guidelines.

PRIVATE SECTOR OFFICE STAFFING

Mr. LEHMAN. Would you provide for the record a listing of all the positions assigned to your Office of Private Sector Initiatives, including a position description and salary level for each.

[The information follows:]

There are six positions allocated to the Office of Private Sector Initiatives, five Professional, and one Secretary. The positions includes: a GM-14 Office Director, two GM-14 Program Analysts, two GM-13 Program Analysts, and a GS7 Secretarial position.

The Director of the Office of Private Sector Initiatives is responsible for formulating legislative, policy and other initiatives to encourage competition and private involvement. The Director also serves as liaison to public and private sectors on private sector issues, and helps coordinates the agency's private sector activities. The program analysts assist the Director in performing these activities.

OBLIGATION RATES

Mr. Lehman. We shall insert your March 11, 1986, letter and accompanying fact sheet on unobligated formula grant funds into the record at this point.

[The information follows:]

U.S. Department
of Transportation
**Urban Mass
Transportation
Administration**

The Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

MAR 11 1986

The Honorable William Lehman
Chairman, Subcommittee on Transportation
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am pleased to transmit to you the enclosed detailed listing and fact sheet of FY 1985 unobligated balances for the Urban Mass Transportation Administration's (UMTA) Formula Grants programs (Sections 5, 9, 9A, and 18). The implementation of our new Financial Management System and the utilization of a more reliable historical data base have enabled us to provide this information to you two months earlier than last year's FY 1984 carryover. I expect to continue this trend and provide you with FY 1986 carryover figures in November immediately following our FY 1986 closeout to the Department of the Treasury.

In brief, the enclosed listing shows that the unobligated balances for the Formula Grants programs have increased $74 million from $1.012 billion to $1.086 billion. Of this amount, more than $117 million in FY 1982 and 1983 Section 5 funding still remains available for obligation. While the large urbanized areas with populations in excess of one million received 72.4 percent of the new FY 1986 funding, they account for only 35 percent of the unobligated formula carryover. However, those urbanized areas with populations of less than one million, which receive only 24.7 percent of the new FY 1986 funding, account for the bulk or 61.1 percent of the FY 1985 carryover. Clearly, many of these smaller areas are receiving Federal funds they simply do not need or cannot use expeditiously.

The carryover for these smaller areas is so large that it is equivalent to more than the full year's apportionment in FY 1986. For the midsize urban areas of between 200,000 and a million in population, the carryover is 104.8 percent and the carryover for the small urbanized areas of less than 200,000 is 160.2 percent.

Of the $1.086 billion unobligated carryover, about $301 million could be used for operating assistance. For the large urbanized areas, the $28.0 million available for operating assistance is equivalent to 7.4 percent of their FY 1986 operating assistance cap. However, as the size of the urbanized area goes down, the proportion of carryover available for operating assistance tends to go up. On the average for the midsize urbanized areas, 23.3 percent of the carryover is available for operating assistance, but for the small urbanized areas, the percentage increases to 48.0. This statistic again reflects that many of the smaller areas simply are not using available Federal funding. This funding, which is under the operating assistance cap, may also be used for capital projects. Yet, even with this flexibility, a substantial carryover exists.

Recently, it has been implied or said that UMTA has unduly delayed the processing of grant applications or has refused to release appropriated funds. I would like to take this opportunity to clear the air on this issue. With respect to the Formula Grants funds (Sections 5, 9, 9A and 18), the obligation rate is essentially a function of the grantee's readiness to utilize the Federal funding. Nevertheless, I have instituted new grant review procedures to regularize the UMTA grant review process. We have already advised our grantees that if a completed Section 5, 9, or 9A Federal-Aid Urban System (FHWA transfer) or Interstate Transfer completed application is received in UMTA by the tenth business day of a Federal fiscal quarter, then that grant will be acted upon by the end of that quarter. Grants under Sections 8, 18, and 16(b)(2) will be managed on a bimonthly basis.

When we compare obligation rates of discretionary funds in FY 1985 to prior years, we also need to take into account the impact of the Surface Transportation Assistance Act of 1982. As a result of this legislation, the transit program shifted from one funded primarily under discretionary activities in FY 1983 to a program where the Section 9 Formula Grants provide the bulk of transit assistance. Once grantees have determined the use of their Section 9 assistance, then Section 3 discretionary grants can be made to fund extraordinary needs that are beyond the scope of regular formula apportionments. Consistent with this legislative change, I have established a careful review and control process to ensure that the scarce Section 3 resource is used prudently for the most deserving and efficient projects.

During FY 1985, formula grant obligations for Sections 5, 9, and 9A were incurred at a rate consistent with our experience in the preceding fiscal year of 1984. For example, in FY 1984, 80 percent of available Section 9 funding was obligated, and 72 percent of available Section 9 funding was obligated in FY 1985. Under the trust-funded Section 3 discretionary activities, $497 million remained unobligated at the end of FY 1985. Of this amount, $53 million was for Bus and $220 million was for Rail Modernization. The remaining $224 million was for New Starts. This funding was deferred at the beginning of FY 1986 and is now being proposed for rescission. The entire Rail Modernization carryover was obligated by the end of calendar year 1985 along with $20 million of the Bus funding. Thus, while the obligation rate for Section 3 projects was slower in FY 1985 than in prior years, I have now obligated virtually all of the funding made available for Section 3 projects that were not involved in administrative funding action. However, I did not permit the obligation of this funding until UMTA completed a thorough and reasonable review of each project proposed for discretionary funding. Given the new nature of the transit program, I believe that this careful review was necessitated to assure that the best projects possible were funded with the limited funding available.

Sincerely,

Ralph L. Stanley

2 Enclosures

URBAN MASS TRANSPORTATION ADMINISTRATION
FACT SHEET
UNOBLIGATED FORMULA GRANTS BALANCES
(as of September 30, 1985)

Total Unused Formula Funds

More than $1.1 billion in Sections 5, 9, 9A, and 18 funding remained unobligated at the end of FY 1985. This represents an increase of $74 million over the unobligated balance at the end of FY 1984 as shown in the following table:

	FY 1984	FY 1985	Difference
Section 5 (FY 1983 and prior)	$ 366.6	$117.5	$-249.1
Section 9A (FY 1983)	90.8	41.5	-49.3
Section 9 (FY 1984 and FY 1985)	499.7	885.0	+385.3
Section 18 (FY 1984 and FY 1985)	55.0	42.4	-12.6
TOTAL	$1,012.1	$1,086.4	$+74.3

Distribution by UZA Size

Small urbanized areas received only 8.9 percent of the 1986 apportionment, yet account for 28.3 percent of the 1985 carryover. That is, the smaller areas' share of the unobligated balances is more than three times their share of the apportionments. Likewise, the midsize areas of 200,000 to one million in population account for 32.8 percent of the unobligated balances, which is more than double their 15.8 percent share of the 1986 new funding. Conversely, the larger areas over one million in population only account for 35 percent of the unobligated balances which is only about half of their 72.4 percent share of the new apportionments. Thus, the larger areas are using their available funding at a substantially faster rate than are the mid to small urbanized areas as shown below:

UZA Population Grouping	Unobligated Balance 9-30-85	Percent of Unobligated Balance	Percent of FY 1986 Apportionment
Over 1 million	$379.9	35.0%	72.4%
200K to 1 million	356.1	32.8	15.8
50K to 200K	308.0	28.3	8.9
Rural areas	42.4	3.9	2.9
TOTAL	$1,086.4	100.0%	100.0%

Comparison with FY 1986 Apportionment

The largest areas have a carryover equivalent to 24.3 percent of their FY 1986 apportionments. Thus, if there were no Federal transit assistance in FY 1986, these areas of over a million in population would have a reserve of approximately three months. However, the midsize areas have a reserve equivalent to more than a full year of Federal assistance, while the small areas under 200,000 in population have more than a year and a half. Rural areas have approximately eight months of Federal assistance available over and above their new FY 1986 apportionments. While some areas are "banking" or saving several years' apportionments in order to fund a large capital project, these statistics, nevertheless, show that many areas can have available a funding cushion to help them through the transition period to lower Federal funding levels.

UZA Population Grouping	Ubobligated Balance 9-30-85	FY 1986 Apportioment	Unobligated Balance as a Percent of FY 1986 Apportionment
Over 1 million	$379.9	$1,561.6	24.3%
200K to 1 million	356.1	339.9	104.8
50K to 200K	308.0	192.2	160.2
Rural areas	42.4	62.7	67.6
TOTAL	$1,086.4	$2,156.4	50.4%

Availability for Operating Assistance

Overall, 27.7 percent of the unobligated balances are available for operating assistance. Of course, these funds could be used to fund capital projects. Also noteworthy is that the percentage has an inverse relationship to the size of the urbanized areas. About 91 percent of the unobligated balances for operating assistance are in those urbanized areas with populations under one million. While the largest areas of over one million had a 7.4 percent carryover, the smaller cities of less than 200,000 in population had a carryover percentage of 48.0 or almost seven times that of the largest cities as shown below:

UZA Population Grouping	Total Unobligated Balance 9-30-85	Operating Unobligated Balance 9-30-86	'85 C/O as Percent of FY 1986
Over 1 million	$379.9	$ 28.0	7.4%
200K to 1 million	356.1	82.9	23.3
50K to 200K	308.0	147.9	48.0
Rural areas	42.4	42.4	100.0
TOTAL	$1,086.4	$301.2	27.7%

Comparison of Unobligated Operating Assistance to FY 1986 Cap

As the size of the urbanized area decreases, the proportion of FY 1985 carryover compared to new FY 1986 operating assistance caps increases. The large urbanized areas of more than one million in population continue to use the bulk of their operating assistance cap. At the end of FY 1985, these areas had an operating carryover equivalent to 4.8 percent of their new FY 1986 operating assistance caps. This is comparable to a reserve of a little more than two weeks of activity. The midsize areas have carryovers of 48.5 percent or the equivalent of six months of reserve, while the small areas under 200,000 in population have carryovers that compare to more than one and a third years' apportionment with a ratio of 134.9 percent. This is shown in the following table:

UZA Population Grouping	Operating Unobligated Balance 9-30-85	FY 1986 Operating Cap 9-30-85	Operating Balance Percent of FY 1986 Cap
Over 1 million	$ 28.0	$585.2	4.8%
200K to 1 million	82.9	171.1	48.5
50K to 200K	147.9	109.6	134.9
Rural areas	42.4	62.7	147.9
TOTAL	$301.2	$928.6	32.4%

Urban Mass Transportation Administration

FY 1985 FORMULA PROGRAM UNOBLIGATED BALANCES

UFR-10 3/3/86

URBANIZED AREA	POPULATION	STATE	CODE	Section 5 Apportionment Balance	Section 5 Cap Balance	Section 9 Apportionment Balance	Section 9 Cap Balance	Section 9a Total Unobligated	Section 18 Total Unobligated	UMTA Total FY 1985 Unobligated	UMTA Total Cap Balance
Over 1,000,000 Population											
Atlanta, GA	1,613,357	GA	13020	$0	$0	$3,093,713	$643,474	$0		$3,093,713	$643,474
Baltimore, MD	1,755,477	MD	24010	0	0	4,161,690	273,724	15		4,161,705	273,734
Boston, MA	2,678,473	MA	25007	148,567	0	2,679,577	450,000	500,000		3,328,144	450,000
Buffalo, NY	1,662,285	NY	36023	3	3	9,935,170	5,717,255	0		9,935,173	5,717,258
Chicago, IL-NW.IN	6,779,799	IL	17003	297,143	297,143	14,967,026	8,065	580,972		15,845,141	305,168
Cincinnati, OH-KY	1,123,012	OH	39021	266,472	0	11,069,495	0	637,312		11,973,279	0
Cleveland, OH	1,752,424	OH	39009	2	0	980,704	0	0		980,706	0
Dallas-Fort Worth, TX	2,451,390	TX	48951	7,144	7,144	2,769,854	2,769,854	294,268		3,071,266	2,776,998
Denver, CO	1,352,070	CO	08024	3	0	653,062	1	0		653,065	1
Detroit, MI	3,809,327	MI	26005	0	0	34,875,829	0	0		34,875,829	0
Ft Lauderdale-Hollywood, FL	1,000,526	FL	12040	0	0	4,340,203	0	0		4,340,203	0
Houston, TX	2,412,664	TX	48013	0	0	1,055,799	1,055,799	0		1,055,799	1,055,799
Kansas City, MO-KS	1,097,793	MO	29022	2	0	4,272,235	0	515,960		4,788,197	0
Los Angeles-Long Beach, CA	9,479,436	CA	06002	390,536	350,282	48,356,957	7,920,566	380,604		49,128,097	8,270,848
Miami, FL	1,608,159	FL	12018	2	1	8,910,759	2	0		8,910,761	3
Milwaukee, WI	1,207,008	WI	55016	13,002	13,002	668,084	0	0		681,086	13,002
Minneapolis-St. Paul, MN	1,787,564	MN	27012	1	0	1,774,632	0	0		1,774,633	0
New Orleans, LA	1,078,299	LA	22026	0	0	10,802,721	1,618,655	0		10,802,721	1,618,655
New York, NY-NE.NJ	15,590,274	NY	36001	27,325,665	1,355,637	94,403,148	3,952,875	947,596		122,676,409	5,308,512
Philadelphia, PA-NJ	4,112,933	PA	42004	1	0	6,792,134	6	0		6,792,135	6
Phoenix, AZ	1,409,279	AZ	04027	1,024,415	1,024,415	5,576,907	0	108,000		6,709,322	1,024,415
Pittsburg, PA	1,810,038	PA	42011	153,513	0	12,147,812	0	6		12,301,331	0
Portland, OR-WA	1,026,144	OR	41028	821	0	674,145	0	0		674,966	0
San Diego, CA	1,704,352	CA	06019	644,933	0	12,232,597	424	687,016		13,564,546	424
San Francisco-Oakland, CA	3,190,698	CA	06096	50	50	27,180,507	73,467	0		27,180,557	73,517
San Jose, CA	1,243,952	CA	06025	1	0	1,071,464	191,601	0		1,071,465	191,601
San Juan, PR	1,081,193	PR	72029	976,828	1	2,856,564	0	0		3,833,392	1
Seattle-Everett, WA	1,391,535	WA	53017	0	6	8,697,266	191,831	0		8,697,266	191,837
St. Louis, MO-IL	1,848,590	MO	29010	23,657	1	2,718,230	0	350,000		3,092,287	1
Washington, DC-MD-VA	2,763,105	DC	11068	6	6	3,937,012	645,416	1		3,937,013	645,416
Sub-total, Over 1,000,000 population				$28,273,120	$5,055,639	$346,070,207	$24,914,425	$5,581,754	$0	$379,925,081	$29,970,064
200,000 to 1,000,000 Population:											
Akron, OH	525,720	OH	39045	$3	$3	$3,[illegible]	$2,[illegible]	$0		$3,3[illegible]	$2,[illegible]
Albany-Schenectady-Troy, NY	496,025	NY	36051	161,225	161,225	11,689,041	1,179,765	0		11,850,266	1,340,990
Albuquerque, NM	418,206	NM	35071	618,621	0	4,471,415		600		5,090,636	0
Allen-Easton-Bethl., NJ	381,734	NJ	34063	0	0	6,765,334	4,511,582	0		6,765,334	4,511,582
Ann Arbor, MI	264,782	MI	26055	3	3	482,800		0		482,803	3
Augusta, GA-SC	251,256	GA	13954	26,738	26,738	2,665,465	1,383,951	365,464		3,057,667	1,410,689
Austin, TX	379,560	TX	48079	12	0	2,319,797	0	382,732		2,702,541	0
Bakersfield, CA	[illegible]	CA	06953	810,620	600,660	3,9[illegible]	1,117,620	729,000		5,470,987	1,766,286
Baton Rouge, LA	35[illegible]	LA	22003	6[illegible]	316	5,[illegible]	2,992,302	652,320		6,662,967	2,992,618
Birmingham, AL	[illegible]	AL	01038	[illegible]	206,031	4,619,156	2,712,875	516,[illegible]		[illegible]	2,918,906
Bridgeport, CT	410,958	CT	09057	1	1	[illegible]	2	[illegible]		848,182	3
Canton, OH	244,680	OH	39037	396,766	0	917,951	6	76		1,375,531	0
Charleston, SC	324,572	SC	45095	0	0	1,8[illegible]	1,267,118	0		1,895,176	1,267,118
Charlotte, NC	356,715	NC	37075	53	0	1,563,902	0	0		1,563,955	0

Urban Mass Transportation Administration

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FY 1985 FORMULA PROGRAM UNOBLIGATED BALANCES

URBANIZED AREA	POPULATION	STATE	CODE	Section 5 Apportionment Balance	Section 5 Cap Balance	Section 9 Apportionment Balance	Section 9 Cap Balance	Section 9a Total Unobligated	Section 18 Total Unobligated	UMTA Total FY 1985 Unobligated	UMTA Total Cap Balance
Chattanooga, TN-GA	301,515	TN	47097	3	0	764,059	61,515	96		764,955	61,515
Colorado Springs, CO	276,872	CO	08104	869,974	12,549	2,062,714	14,074	654,600		3,587,288	26,623
Columbia SC	311,561	SC	45088	0	0	2,688,130	2,571,624	478,000		3,166,130	2,571,624
Columbus, GA-AL	214,591	GA	13952	658,280	1	3,701,164	1,912,130	533,000		4,893,444	1,912,130
Columbus, OH	833,648	OH	39432	3	3	6,048,250	0	0		6,048,253	3
Corpus Christi, TX	245,054	TX	48100	0	0	1,936,275	81,467	0		1,936,275	81,467
Davenport-Rock Is.-Moline, IA-IL	285,024	IL	17038	4,557	4,557	1,327,336	1,114	48,592		1,380,485	5,671
Dayton, OH	595,059	OH	39635	0	0	4,200,904	0	0		4,200,904	0
Des Moines, IA	267,192	IA	19082	1	0	983,679	265,270	0		983,680	265,270
El Paso, TX	454,159	TX	48066	867,969	339,481	6,267,548	0	1,174,903		8,310,420	339,481
Fayetteville, NC	215,839	NC	37063	401,607	351,303	2,539,013	1,719,814	150,320		3,090,940	2,071,117
Flint, MI	331,931	MI	26048	832,462	832,462	2,351,446	385,600	0		3,183,908	1,218,062
Fort Wayne, IN	236,479	IN	18096	210,729	1	1,934,271	0	263,610		2,408,610	1
Fresno, CA	331,551	CA	06080	359,999	0	3,713,728	0	0		4,073,727	0
Grand Rapids, MI	370,704	MI	26064	217,763	25,961	1,926,607	4,137	2,444		2,146,814	30,098
Greenville SC	229,363	SC	45064	0	0	2,423,813	1,734,134	0		2,423,813	1,734,134
Harrisburg, PA	278,296	PA	42087	0	95,880	1,387,818	554,717	22,000		1,409,818	650,597
Hartford, CT	510,024	CT	09053	1	0	3,367,493	120,000	0		3,367,494	120,000
Honolulu, HI	587,463	HI	15355	4	0	12,409,493	0	0		12,409,497	0
Indianapolis, IN	836,472	IN	18030	8,720	0	437,519	0	0		446,239	0
Jackson, MS	265,051	MS	28063	1,105,085	1,045,379	3,543,444	2,090,738	335,116		4,983,645	3,136,117
Jacksonville, FL	540,025	FL	12046	3	0	231,187	0	0		231,190	0
Knoxville, TN	241,708	TN	47066	83,109	83,109	3,100,844	540,248	0		3,183,953	623,357
Lansing, MI	254,704	MI	26090	157,637	0	2,310,093	0	26		2,467,756	0
Las Vegas, NV	432,874	NV	32060	764,406	764,436	6,208,339	3,193,714	939,040		7,911,785	3,958,150
Lawrence-Haverhill, MA-NH	211,628	MA	25160	1,144,433	968,526	266,456	100,361	6,000		1,354,889	1,068,887
Little Rock-N. Little Rock, AR	275,133	AR	05099	864,858	380,862	1,849,879	0	0		2,714,737	380,862
Lorain-Elyria, OH	225,331	OH	39067	719,630	662,563	1,927,134	1,834,126	0		2,646,764	2,496,689
Louisville, KY-IN	761,002	KY	21036	3,303,361	2,655,075	8,124,238	0	3,341,000		14,768,599	2,655,075
Madison, WI	213,675	WI	55103	20,640	0	1,663,975	0	163,160		1,847,775	0
Melbourne-Cocoa, FL	212,917	FL	12068	65,409	65,409	2,485,811	1,627,788	146,250		2,697,470	1,693,197
Memphis, TN-MS-AR	774,551	TN	47638	4	0	4,609,653	0	0		4,609,657	0
Mobile, AL	295,493	AL	01001	489,510	63,805	2,558,772	994,536	171,296		3,219,578	1,058,341
Nashville-Davidson, TN	518,325	TN	47654	416,136	361	179,480	0	0		595,616	361
New Haven, CT	348,061	CT	09063	221,393	1	8,709,220	37	0		8,930,613	38
Newport News-Hampton, VA	335,570	VA	51077	1	0	3,149,868	0	0		3,149,869	0
Norfolk-Portsmouth, VA	770,734	VA	51037	2	0	9,567,912	0	0		9,567,914	0
Ogden, UT	269,744	UT	49956	445,137	445,137	98,232	0	0		543,369	445,137
Oklahoma City, OK	670,322	OK	40083	1,265,283	256,794	6,422,483	3,390,364	0		7,687,766	3,647,158
Omaha, NE-IA	51[illegible]	NE	31[illegible]	2	0	2,383,045	0	0		2,383,047	0
Orlando, FL	577,235	FL	12069	1,233,508	1,233,508	2,264,535	2,035,902	3		3,498,046	3,269,410
Oxnard-Ventura-Thous. Oaks, CA	377,695	CA	06[illegible]	1,216,[illegible]	496,744	[illegible]	3,1[illegible]	666,6[illegible]		6,756,96[illegible]	3,6[illegible]
Pensacola, FL	215,995	FL	12[illegible]	29,7[illegible]	0	2,88[illegible]	1,750,952	[illegible]		2,910,35[illegible]	1,750,952
Peoria, IL	2[illegible]	IL	17[illegible]	2[illegible]	0	[illegible]	1,454,966	0		3,553,98[illegible]	1,454,966
Providence-Pawtucket, RI-MA	79[illegible]	RI	44[illegible]	566,126	216,911	15,[illegible]	133	3,975,000		20,216,354	217,044
Raleigh, NC	[illegible]	NC	37[illegible]	0	0	3,[illegible]	1,442,777	526,[illegible]		[illegible]	1,442,777
Richmond, VA	491,[illegible]	VA	51[illegible]	0	0	[illegible]	0	0		5,[illegible]	0
Rochester, NY	[illegible]	NY	36[illegible]	[illegible]	465,[illegible]49	1,[illegible]	[illegible]	[illegible]		1,[illegible]	1,[illegible]
Rockford, IL	274,334	IL	17162	447,58[illegible]	154,902	[illegible],762,8[illegible]	255,380	612,9[illegible]		[illegible],823,378	359,9[illegible]
Sacramento	796,[illegible]	CA	06[illegible]	[illegible],106	0	[illegible]	41,[illegible]			7,963,[illegible]	41,631
Saint Pete	833,337	FL	12048	653,046	651,443	[illegible],363,122	3,436,807			3,016,168	3,088,250

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Salt Lake City, UT	674,201	UT	49052	1	0	4,780,146	0	0		4,780,147	0
San Antonio, TX	944,093	TX	48033	0	0	2,743,899	0	0		2,743,899	0
San Bernardino-Rvrsde, CA	705,175	CA	06042	839,280	0	8,624,646	0	189,000		9,643,926	0
Sarasota-Bradenton, FL	305,431	FL	12119	1	1	2,743,305	1,769,146	430,600		3,173,966	1,769,147
Scranton Wilkes Barre PA	466,517	PA	42962	47,622	47,622	5,052,521	0	799,757		6,299,900	47,622
Shreveport, LA	263,827	LA	22091	274,566	0	2,613,191	576,262	0		2,887,757	576,262
South Bend, IN-MI	226,331	IN	18073	7,234	1	2,053,289	0	2		2,060,525	1
Spokane, WA	266,709	WA	53093	23	23	206,549	1	0		200,572	24
Sprfld-Chico-Holy, MA-CT	505,822	MA	25047	922,784	922,784	205,458	53,062	6,000		1,134,242	975,846
Syracuse, NY	379,204	NY	36059	2	0	202,582	1	0		202,584	1
Tacoma, WA	402,077	WA	53067	128,838	71,434	2,991,647	0	0		3,120,485	71,434
Tampa, FL	520,912	FL	12062	1	0	214,763	0	137,816		352,600	0
Toledo, OH-MI	485,440	OH	39050	2	2	7,162,716	1	976,912		8,139,630	3
Trenton	260,751	NJ	34076	1	1	5,321,478	0	2		5,321,481	1
Tucson, AZ	450,059	AZ	04072	0	0	6,212,247	0	0		6,212,247	0
Tulsa, OK	443,350	OK	40064	48,008	48,008	2,051,632	0	0		2,099,640	48,008
West Palm Beach, FL	487,044	FL	12074	534,189	0	4,746,323	646,477	1,337,083		6,617,592	646,477
Wichita, KS	365,752	KS	20070	710,338	636,900	5,614,563	3,158,184	797,196		7,122,097	3,795,092
Wilmington, DE-NJ-MD	406,112	DE	10061	1	1	4,880,580	1,846,100	21,065		4,901,646	1,846,101
Worcester, MA	276,622	MA	25084	2	0	168,230	0	0		168,232	0
Youngstown-Warren, OH	383,398	OH	39058	1,103,442	1,103,442	3,746,976	4,153,558	0		4,850,418	5,257,000
Sub-Total, 200,000 to 1,000,000 Population				$28,033,321	$15,749,915	$305,832,154	$67,123,866	$25,232,464	$0	$356,098,839	$82,873,806
Governor's Apportionment											
ALABAMA		AL	01	$6,303,938	3,105,658	$10,413,918	$5,842,945	$428,060		$17,185,856	$8,948,603
ALASKA		AK	02	0	0	45,227	2	0		45,227	2
ARIZONA		AZ	04	264,677	194,094	1,207,705	397,977	61,620		1,533,004	590,071
ARKANSAS		AR	05	1,806,649	923,965	3,194,920	1,872,100	0		5,002,969	2,806,065
CALIFORNIA		CA	06	1,839,150	1,839,150	17,737,772	8,809,905	2		19,586,924	10,649,055
COLORADO		CO	08	776,510	776,510	4,806,835	1,816,002	613,280		6,196,625	2,592,512
CONNECTICUT		CT	09	738,900	0	6,905,370	81,737	0		7,644,350	81,737
DELAWARE		DE	10	0	0	0				0	1
FLORIDA		FL	12	1,487,353	1,487,383	11,037,040	4,178,347	1,261,800		13,786,192	5,396,730
GEORGIA		GA	13	2,846,199	2,291,813	8,017,[illegible]	3,979,[illegible]	613,400		11,476,919	6,271,804
HAWAII		HI	15	0	0	728,142	0	0		728,142	0
IDAHO		ID	16	22,650	0	1,736,156	219,796	15,[illegible]		1,786,326	219,796
ILLINOIS		IL	17	0	0	4,379,009	2,134,769	359,928		4,738,937	2,134,769
INDIANA		IN	18	341,862	38,[illegible]	7,661,[illegible]	2,651,[illegible]	[illegible]		8,119,[illegible]	4,036,131
IOWA		IA	19	194,348	7,883	2,030,034	211,265	166,392		2,399,774	219,148
KANSAS		KS	20	114,[illegible]	116,[illegible]	[illegible]	990,[illegible]	109,[illegible]		2,718,190	1,105,462
KENTUCKY		KY	21	1,099,275	1,416,797	6,[illegible]	3,507,174	265,936		8,060,[illegible]	5,023,971
LOUISIANA		LA	22	[illegible]	[illegible]	7,126,[illegible]	3,[illegible]	611,400		7,736,[illegible]	3,[illegible]
MAINE		ME	23	252,[illegible]	138,998	1,258,756	477,434	51,[illegible]		1,562,684	616,432
MARYLAND		MD	24	0	0	917,[illegible]	111,[illegible]	3,[illegible]		920,[illegible]	111,[illegible]
MASSACHUSETTS		MA	25	1,775,[illegible]	637,[illegible]	5,[illegible]	2,422,327	259,151		7,297,311	3,059,929
MICHIGAN		MI	26	[illegible]	401,635	[illegible]	1,075,652	1		6,506,[illegible]	1,476,692
MINNESOTA		MN	27	398,305	82,215	2,161,725	794,277			2,572,020	876,492
MISSISSIPPI		MS	28	1,617,618	1,017,318	3,364,655	1,533,[illegible]	0		5,182,273	2,560,226
MISSOURI		MO	29	186,701	155,019	2,479,921	920,212	374,000		3,040,712	1,075,231

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MONTANA		MT	30	32,356	32,356	844,547	4,324,415	382		877,285	4,356,771
NEBRASKA		NE	31	7,839	7,839	222,383	0	724		230,946	7,839
NEVADA		NV	32	1	1	96,023	321	0		96,024	322
NEW HAMPSHIRE		NH	33	355,896	301,472	2,359,064	1,208,448	4,060		2,719,020	1,509,920
NEW JERSEY		NJ	34	232,447	232,447	507,670	871,656	163,000		903,117	1,104,103
NEW MEXICO		NM	35	0	0	894,159	365,601	14,560		908,719	365,601
NEW YORK		NY	36	517,310	517,310	4,425,874	3,156,786	319,000		5,262,184	3,674,096
NORTH CAROLINA		NC	37	3,204,378	2,715,968	18,119,011	9,680,593	1,631,444		22,954,833	12,396,561
NORTH DAKOTA		ND	38	37,119	16,727	2,048,633	568,537	0		2,085,752	585,264
OHIO		OH	39	3,293,799	1,787,692	10,222,409	5,353,790	836,728		14,353,616	7,141,482
OKLAHOMA		OK	40	1,208,794	509,173	2,342,236	1,296,390	310,312		3,853,352	1,805,563
OREGON		OR	41	3,760	3,760	1,714,591	7,861	4,000		1,722,351	11,621
PENNSYLVANIA		PA	42	409,467	409,467	10,709,050	2,023,725	1,580,517		12,699,034	2,513,192
RHODE ISLAND		RI	44	2	2	1,269,161	498,183	107,000		1,376,163	498,185
SOUTH CAROLINA		SC	45	535,195	535,195	71,550	1,376,686	0		606,745	1,911,881
SOUTH DAKOTA		SD	46	204,479	102,557	2,344,507	1,178,439	118,000		2,666,986	1,280,996
TENNESSEE		TN	47	43,428	0	2,845,325	1,546,277	190,816		3,079,570	1,546,277
TEXAS		TX	48	17,484,961	9,649,507	28,344,864	19,312,198	2,933,000		48,763,255	28,961,705
UTAH		UT	49	315,605	0	2,221,799	1,319,352	0		2,537,404	1,319,352
VERMONT		VT	50	0	0	22,633	0	0		22,633	0
VIRGINIA		VA	51	255,586	255,586	2,865,927	1,329,355	0		3,121,513	1,584,941
WASHINGTON		WA	53	73,890	73,890	2,170,393	1,838,850	0		2,244,283	1,912,740
WEST VIRGINIA		WV	54	0	0	1,896,563	963,819	1,000		1,897,563	963,819
WISCONSIN		WI	55	626,940	227,394	7,487,850	3,028,103	36,580		8,151,370	3,255,497
WYOMING		WY	56	504,167	217,578	2,319,214	874,622	169,720		2,993,101	1,092,200
AMERICAN SAMOA		AS	60							0	0
GUAM		GU	66	-	-	-	-	-		0	0
NORTHERN MARIANAS		CM	69							0	0
PUERTO RICO		PR	72	4,532,106	3,435,013	13,869,298	1,300,370	0		15,201,352	4,735,383
VIRGIN ISLANDS		VI	78							0	0
Sub-total, Governor's Apportionment				$56,[illegible]	$36,169,766	$225,512,439	$111,736,165	$14,253,002	$0	$344,620,537	$147,906,265
Areas Under 50,000 Population (Section 18 only)											
ALABAMA		AL	01						$4,434,586	$4,434,586	
ALASKA		AK	02						2,563	2,563	
ARIZONA		AZ	04						650,283	650,283	
ARKANSAS		AR	05						6	6	
CALIFORNIA		CA	06						26,794	26,794	
COLORADO		CO	08						0	0	
CONNECTICUT		CT	09						904,569	904,569	
DELAWARE		DE	10						117,075	117,075	
FLORIDA		FL	12						1,492,031	1,492,031	
GEORGIA		GA	13						2,334,469	2,334,469	
HAWAII		HI	15						197,754	197,754	
IDAHO		ID	16						77,232	77,232	
ILLINOIS		IL	17						4,497,527	4,497,527	
INDIANA		IN	18						2,925,790	2,925,790	
IOWA		IA	19						1	1	
KANSAS		KS	20						268,850	268,850	

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KENTUCKY		KY 21						1,527,433	1,527,433	
LOUISIANA		LA 22						13,449	13,449	
MAINE		ME 23						29,898	29,898	
MARYLAND		MD 24						223,070	223,070	
MASSACHUSETTS		MA 25						843,057	843,057	
MICHIGAN		MI 26						21,007	21,007	
MINNESOTA		MN 27						266,511	266,511	
MISSISSIPPI		MS 28						2,614,461	2,614,461	
MISSOURI		MO 29						802,487	802,487	
MONTANA		MT 30						3,901	3,901	
NEBRASKA		NE 31						310,726	310,726	
NEVADA		NV 32						0	0	
NEW HAMPSHIRE		NH 33						240,182	240,182	
NEW JERSEY		NJ 34						2	2	
NEW MEXICO		NM 35						584,730	584,730	
NEW YORK		NY 36						983,752	983,752	
NORTH CAROLINA		NC 37						850,223	850,223	
NORTH DAKOTA		ND 38						0	0	
OHIO		OH 39						246,783	246,783	
OKLAHOMA		OK 40						2,816,541	2,816,541	
OREGON		OR 41						1,471,659	1,471,659	
PENNSYLVANIA		PA 42						198,544	198,544	
RHODE ISLAND		RI 44						16,849	16,849	
SOUTH CAROLINA		SC 45						0	0	
SOUTH DAKOTA		SD 46						48,679	48,679	
TENNESSEE		TN 47						0	0	
TEXAS		TX 48						0	0	
UTAH		UT 49						0	0	
VERMONT		VT 50						16,890	16,890	
VIRGINIA		VA 51						0	0	
WASHINGTON		WA 53						539,405	539,405	
WEST VIRGINIA		WV 54						217,873	217,873	
WISCONSIN		WI 55						550,573	550,573	
WYOMING		WY 56						665,236	665,236	
AMERICAN SAMOA		AS 60						26,364	26,364	
GUAM		GU 66						86,510	86,510	
NORTHERN MARIANAS		CM 69						114	114	
PUERTO RICO		PR 72						8,024,[illegible]	8,024,[illegible]	
VIRGIN ISLANDS		VI 78						78,828	78,828	
Sub-total, below 50,000 Population (Section 18 only)								$42,481,362	$42,481,362	
UMTA Undistributed							14,952	1,975		
UMTA GRAND TOTALS			$117,5[illegible]	$54,975,254	$685,654,866	$263,774,876	$41,522,172	$42,463,337	$1,666,449,019	$258,750,138

SECTION 3 CARRYOVER

Mr. LEHMAN. According to your letter, at the end of fiscal year 1985, you had nearly $500 million of unobligated section 3 grant funds. We realize that $223.6 million of that amount was, at the time, deferred.

However, in addition to the funds which were officially deferred, you had $273 million of your section 3 funds remaining unobligated.

This was the first year in which all or virtually all of the section 3 program was not obligated. What was the reason for this large carryover, particularly in the rail modernization activity where the needs are so great?

Mr. STANLEY. Two principal reasons. One, outside of the amount proposed for rescission, we have looked at the scarce discretionary resources toward the end of the year. We were reviewing very carefully the section 3 applicants, particularly in rail mod to do two things.

One was to get a percentage allocation that was equitable with past years. The other was to look at the projects as closely as possible.

Several of the projects, particularly the Frankford El in Philadelphia, and some of the other projects, result in two years funding, that are going to be incorporated in full funding contracts. We did not obligate part of that funding in order to combine it with fiscal year 1986 funding, which we will do.

Mr. DELLIBOVI. I would just like to make a point, Mr. Chairman, that we are still evolving. In having a program that is now largely formula, where the discretionary section 3 resource is about one-half of what we have in section 9, and what that means from a managerial point of view. In order to ensure that the best use of the funds is made, we need to know first what an urbanized area is doing with their section 9 formula money, particularly in rail modernization, so we can stretch section 3 funds as far as possible.

Because some grantees get the section 9 applications in later, that has slowed us down. The important thing to me is that by the end of the calendar year, we had obligated all of the section 3 rail modernization funds.

Mr. LEHMAN. There was a mention of a Philadelphia property. I do not know if Mr. Coughlin heard that. Would you repeat that, please.

PHILADELPHIA-FRANKFORD EL PROJECT

Mr. STANLEY. I mentioned, Mr. Coughlin, with regard to the Frankford El project, one of the reasons for not obligating 1985 funds was to make sure that FY 1986 funds would be available, so that a full funding contract could be completed. Part of the carryover resulted from combining a large chunk of the 1985 funds with 1986, to incorporate and obligate at one time in a full funding contract.

Mr. DELLIBOVI. I should add one other thing. We worked very closely with the rail mod properties and did not miss any contract dates, so we were able to maximize the use of the funds available in terms of those projects that were actually ready to go. Thus, the work could be realized in the fastest possible timeframe, after the grants are obligated.

OBLIGATION OF CARRYOVER FUNDS

Mr. **Lehman**. Your letter states that all of the carryover rail modernization funds were obligated by the end of calendar year 1985. Have you obligated all of your carryover bus funds?

Mr. **McManus**. No, sir. There is $15,246,000 remaining unobligated, but there are projects that are about to be granted.

Mr. **Stanley**. The majority of those funds are for a major bus project in San Antonio that combined funding from 1985 and 1986. We are waiting for assurance of a local match at this point. All of those funds are programmed or encumbered for either that or one other small bus project.

Mr. **Lehman**. According to information you provided last year, your percentage obligation rates for section 3 grants as of the end of March were as follows:

Fiscal year 1981—48 percent. Fiscal year 1982—30 percent. Fiscal year 1983—28 percent. Fiscal year 1984—9 percent. Fiscal year 1985—6 percent.

What percentage of your fiscal year 1986 section 3 funds were obligated as of March 31, 1986?

OBLIGATION OF DISCRETIONARY FUNDS

Mr. **McManus**. Well, the facts on the obligation during fiscal year 1986 are that as of March 31, 1986, 21 percent of the total amount available has been obligated. That did include carryover.

Mr. **Lehman**. Read that number again to me. I did not quite hear it.

Mr. **McManus**. It was 21 percent for——

Mr. **Lehman**. 1986?

Mr. **McManus**.—of the amount available since the beginning of the year, which includes the carryover. So $291.6 million has been obligated.

Mr. **Lehman**. There was a much slower rate of obligation in 1984-1985 than in the preceding three years, and I did not know whether you wanted to comment on this.

Mr. **Stanley**. I would just echo a little bit what the Deputy said and then turn to Bob. Because of the way the program has shifted, in terms of the section 3 obligation rate, we attempt to process the formula funds initially. We then are able to take the discretionary resource, which has, in the last few years, resulted in obligations in the final six months of the year. Bob.

Mr. **McManus**. I think the table and the percentages that were cited bear that out very clearly. It was after the passage of the 1982 Act, that the obligation rate for section 3 went down for the very reason that we had to see how the much more ample section 9 program was going to be used by the grantees. When we knew that, we could then decide the best way to use the discretionary section 3 resource. That has been what has accounted for the difference in the percent of obligation for section 3 in 1984 and 1985, and 1986, compared to earlier years, where there was not that large a discretionary, or rather an apportioned capital resource that the grantees could use in their own discretion before applying for the discretionary resource.

NOTIFICATION OF RECIPIENTS

Mr. **Lehman**. What is the normal length of time between your obligation date for section 3 grants and your notification to the recipient that funds are actually available?

Mr. **McManus**. I do not think we could say there is a normal length—it is related to this discussion of the obligation rate. Since we now make the section 3 grants after we know how the formula money is going to be used, the lapse time between the obligation date for the section 3 funds and their release date is getting quite compressed.

It is getting to be a shorter and shorter period, because the obligation is not made until the decision is made by the administrator on the section 3 grants, and then the release is shortly after that.

Mr. **Stanley**. If I could, Mr. Chairman, I would like to provide for the record, with regard to the section 3 grants, a calendar indicating obligation date and notification date for each of the grants.

[The information follows:]

STATUS OF RELEASE PROCESS FOR PROJECTS OBLIGATED DURING FISCAL YEAR 1986

Project No.	City	Obligation Date	Release Date
MA-03-0130	Boston	12-12-85	12-16-85
MA-03-0131	Boston	12-13-85	12-16-85
MA-03-0133	Boston	12-13-85	12-16-85
MA-03-0137	Boston	02-04-86	02-21-86
NJ-03-0044-02	Newark	12-31-85	02-06-86
NJ-03-0058-02	Newark	12-31-85	02-06-86
NY-03-0144-05	New York	12-31-85	02-21-86
NY-03-0146-01	White Plains	12-31-85	04-12-86
NY-03-0194-01	New York	12-31-85	03-12-86
NY-03-0194-02	New York	03-03-86	03-12-86
PA-03-0013-09	Philadelphia	12-31-85	01-13-86
PA-03-0142-02	Philadelphia	12-31-85	02-21-86
PA-03-0159-01	Philadelphia	11-08-85	01-24-86
PA-03-0162-03	Philadelphia	12-31-85	TBA
PA-03-0179	Philadelphia	12-31-85	TBA
PA-03-0184	Philadelphia	12-31-85	02-26-86
PA-03-0186	Philadelphia	12-31-85	02-26-86
PA-03-0188	Philadelphia	12-31-85	02-26-86
FL-03-0093	Tampa	11-27-85	03-17-86
IL-03-0116	Chicago	12-31-85	12-31-85
IL-03-0120	Chicago	12-31-85	12-31-85
LA-03-0040-01	New Orleans	12-31-85	02-07-86
TX-03-0111	San Antonio	11-26-85	TBA
CA-03-0293-02	Oakland	12-31-85	02-21-86
CA-03-0307	Los Angeles	12-31-85	02-18-86
CA-03-0310	Santa Cruz	12-31-85	02-20-86
NV-03-0005	Reno	02-24-86	TBA
WA-03-0058	Tacoma	03-21-86	TBA
WA-03-0061	Raymond	03-21-86	TBA

NOTIFICATION DATES

Mr. **Lehman**. Didn't it take more than a month from the date of obligation until you announced some of your section 3 rail modernization grants which you record as having been obligated in December 1985? I think some people feel like these announcements tend to be politically expedient rather than immediate, and they feel like they are being delayed until you can get more mileage out of them politically.

Mr. **Dellibovi**. Let me just say, Mr. Chairman, that in the time elapsing, a month is not an unrealistic time between obligation and release because documents have to be prepared and transmitted.

I would say that under ideal circumstances you are probably talking now about 20 working days, and obviously the December obligations were impacted somewhat by the holiday schedules.

But let me say that I was a regional administrator under the former procedure, and there was this rush out the door on the 30th of September. Many times documents were two and three months in the development because you had this avalanche of paper coming down at midnight, on the 30th. There were many, and not only in the Department of Transportation—at UMTA, at 26 Federal Plaza, but also at Health and Human Services, and in HUD, who were there with us until 1:00, 2:00 o'clock in the morning on the 1st of October, processing papers. I am told that happens in all the regional centers.

Mr. **Lehman**. Would you provide for the record the announcement date for the following grants which were all recorded as of December 1985 obligations:

MA-03-0133; MA-03-0130; NY-02-0194-01; JN-03-004402; NY-03-0144-05; PA-03-0184; PA-03-0179; PA-03-0188; PA-03-0013-09; PA-03-0162-03; PA-03-0186; IL-03-0120; LA-03-0040-01; CA-03-0293-02.

[The information follows:].

ANNOUNCEMENT DATE FOR GRANTS WHICH WERE RECORDED AS DECEMBER 1985 OBLIGATIONS

Project No.	Obligation date	Release date
MA-03-0133	12-31-85	12-16-85
MA-03-0130	12-31-85	12-16-85
NY-03-0194-01	12-31-85	03-12-86
NJ-03-0044-02	12-31-85	02-06-86
NY-03-0144-05	12-31-85	02-21-86
PA-03-0184	12-31-85	02-26-86
PA-03-0179	12-31-85	TBA
PA-03-0188	12-31-85	02-26-86
PA-03-0013-09	12-31-85	TBA
PA-03-0162-03	12-31-85	TBA
PA-03-0186	12-31-85	02-26-86
IL-03-0120	12-31-85	12-31-85
LA-03-0040-01	12-31-85	02-07-86
CA-03-0293-02	12-31-85	02-21-86

INTERSTATE TRANSFER OBLIGATIONS

Mr. **Lehman**. According to the information provided by the Department, you had more than $100 million of unobligated Interstate Transfer Grants at the end of fiscal year 1985. Were these formula or discretionary Interstate Transfer funds?

Mr. **Stanley**. They were all formula, Mr. Chairman, and the $100 million that was unobligated was unobligated at the grantee level which is the recipient of the funds. The bulk of that money, which is in the Chicago area, is being planned for the Southwest Transit Project, a project for which we are, I think about four weeks away from having a full funding contract for it.

They were carried forward at the request of the recipient of the funds.

Mr. **Lehman**. Could you break that down for the record as to the exact allocation.

Mr. **Stanley**. Yes, I would point out that I think it only involves $23.9 million carried forward from areas which did not have substitute projects ready for funding.

[The information follows:]

Interstate transfer program, fiscal year 1985 funds available

Area	*Formula funds Available*
Region1:	
Boston, MA	$1,764,404
Hartford-New Britain, CT	590,571
State of Rhode Island	5,659,984
Fall River, MA	30,086
Killingly, CT	11,543
Subtotal	8,056,588
Region 2:	
New York City	208,498
Albany, NY	48,767
Trenton To NYC, NJ	939,752
Philadelphia, NJ Portion	709,372
Subtotal	1,906,389
Region 3: Washington, DC	450,778
Region 4: Memphis, TN	851,483
Region 5:	
Chicago, IL	89,139,210
Duluth-superior, MN	316,171
Indianapolis, IN	84,366
Cleveland, OH	1,336,948
Subtotal	90,876,695
Region 9: Sacramento, CA	603,305
Total	102,745,238

OBLIGATION OF INTERSTATE TRANSFER FUNDS

Mr. **Lehman**. How much of your carryover Interstate Transfer Grants funds have been obligated to date in fiscal year 1986?

[The information follows:]

A total of $5,270,000 in carryover Interstate Transfer funds has been obligated as of March 31, 1986.

Mr. **Lehman**. How much of your fiscal year 1986 Interstate Transfer Grants appropriation has been obligated to date? If a small amount, what is the reason for the delay in obligating these funds?

Mr. **McManus**. There have not been Interstate funds obligated to date, and the reason is that basically there are some projects in the pipeline—it is at the option of the grantee, when they feel they are ready to apply for the Interstate funds.

All the money that was carried forward from fiscal 1985 happened because the grantees were not ready to advance those projects.

Mr. **Stanley**. I was going to say, that when we talk a little later about the overall issue of obligations, that we have a number of projects, including some of the formula grants, and I think some of the Interstate Transfer Grants that will be ready by April 15th. Do we have a breakdown on how many there are?

Mr. **McManus**. I do not have that breakdown. I know there are some of the Interstate Transfer projects in the total but I do not know what they are.

Mr. **Dellibovi**. Historically, the applications for the Interstate Transfer Grants have been rather slow in coming in. There is a lot more local hand holding and coordination required, and the grantees generally know what they are getting so they are less concerned about racing to get those applications in.

FORMULA GRANTS APPORTIONMENTS

Mr. **Lehman**. As I understand it, you published your formula grant apportionments notice on January 24, 1986.

Why did it take you more than a month to publish this notice? We understand that the Federal Highway Administration apportions funds within a day or two after they are made available.

Mr. **Stanley**. You are correct. There are two differences between Federal Highway and UMTA. One, is that the data that Federal Highway uses to figure out what their apportionments does not change from year to year.

Our factors in section 15 that go into our formula apportionment change on an annual basis. We have been quite generous to the grantees in accommodating their appeals and changes in the data they submit to us. But it takes us at least a few weeks to calculate the formula apportionment due to the changes in the factors.

Mr. **Gimmler**. Mr. Chairman, my office is responsible for preparing that section 15 data.

We have delayed for precisely the reason that the administrator stated. We wish to make every effort to accommodate the data that the grantees were submitting to us, to iron out difficulties, without penalizing the grantees. So we were four months late during this fiscal year.

50 PERCENT LIMIT ON FORMULA GRANTS

Mr. **Lehman**. Your January formula apportionment notice states that you were temporarily establishing an obligation limitation of 50 percent for both the total formula grant appropriation and the operating assistance component of this appropriation.

Why were these limitations imposed, why was 50 percent selected as the limitation, and when were the remaining funds made available for obligation?

Mr. STANLEY. The 50 percent limitation on the apportionment in January was done for a simple reason. In untangling the Gramm-Rudman process, while it was widely accepted that it would be 4.3 percent across the board, from January 24th to March 1st, the Congress still had the option to change the way that was to be allocated.

What we did was to publish the total apportionment and said that we would have an obligation limit of 50 percent. We encouraged grantees to apply once and to apply for the whole apportionment. I also stated clearly, in January, and again, in February, that any grantee that wanted the full apportionment we would accommodate. What I was trying to avoid is the difficulty of apportioning all the money, and then have something changed in the Congress on the Gramm-Rudman sequestration, and then have to try to recover the funds from the grantee.

The remaining 50 percent of funds were made available for obligation on March 14th, but I would say no grantee was unaware of what their total apportionment was. We asked them to prepare the applications at the full hundred percent level.

OPERATING ASSISTANCE OBLIGATIONS

Mr. LEHMAN. In the past we have discussed the apparent delays in your making operating assistance funds available.

How much did you obligate during the first two quarters of fiscal year 1986 for operating assistance?

[The information follows:]

We obligated a total of $54,366,434 in formula funds for operating assistance through March 31, 1986.

GRANT APPLICATION PROCESS

Mr. LEHMAN. In your March 11 letter you state that you have advised your grantees that if a completed formula or interstate transfer grant application is received by the tenth business day of a fiscal quarter, you will act on the application by the end of that quarter.

How long has this policy been in effect? Are you acting in the timeframe indicated, and is this having any impact on your obligation rates?

Mr. STANLEY. I think it is much better than the way we have been doing it. I have heard, for the two years I have been administrator, a constant debate and finger pointing between the grantees and the agency on how fast grants get released. What we did this year was announce on the 15th of January a quarterly process in which I guaranteed that if a grant application was received by the beginning of the quarter, we would guarantee that award would be announced and out by the end of the quarter.

One thing I would like to say, in terms of putting together a grant application, even a formula one, is that for the project to be complete, it has to be in the local Transportation Improvement

Program (TIP). There is a certain number of self-certifications that have to be submitted by the grantees.

What we do is make sure those projects are consistent with the local allocation of funds, that only eligible expenses are on the project grant application. Also civil rights compliance has to occur; compliance with the Environmental Policy Act is required as are other statutory certifications.

I do want to say that for the process by which we will be releasing the first batch of grants on April 15, we received about 447 applications from the regions. About 56 percent of those applications were deficient on one or more of the statutory requirements. The balance of those grants will be out on April 15th, and we will continue to work with the grantees to perfect the applications that were deficient.

But as I said, it is the first time in the history of the agency that we have set up a process and set deadlines, with a guarantee, that if the application is in, it will be approved by end of that quarter.

UNOBLIGATED SECTION 9A FUNDS

Mr. LEHMAN. According to the Surface Transportation Assistance Act, unobligated section 9A funds are added to the section 3 program.

How much, if any, do you currently have in unobligated section 9A funds?

If any, do you expect to have any section 9A funds unobligated at the end of fiscal year 1986?

[The information follows:]

As of March 31, 1986, we had a total of $40,907,120 in unobligated Section 9A funds. We anticipate that approximately half of the above total will remain unobligated at the end of FY 1986.

PRIVATE SECTOR

Mr. LEHMAN. Mr. Coughlin.

Mr. COUGHLIN. Thank you, Mr. Chairman. I would like to return for a moment to privatization, if I might. I am sorry I was not here for the conclusion on that.

You recently, as I understand it, sent out guidelines to local transit authorities which requires them to supply extensive documentation and proof that for each function they perform, the function could not be performed more effectively by the private sector.

How do you reconcile these guidelines with the directive from the Continuing Resolution conferees?

Mr. STANLEY. That was discussed. We have not conditioned any grants or mandated any grant release or specific percentage of performance on it.

The guidelines, Mr. Coughlin, are based on statute, section 8(e) of the UMT Act, which I mentioned this morning, and I would quote again for the record. ". . . the plans and programs required by this section shall encourage to the maximum extent feasible the participation of private enterprise."

All we have done in the guidelines is outline that emphasis area. We have not initiated a regulation to implement that statutory language in our Act. We are certainly encouraging, as a matter of policy, competition and the maximization in the private sector. We have not specified any level of participation by the private sector, other than in our proposed legislation which is before the authorizing committee; or conditioned any release or allocation of the grants based on any given level of private sector participation.

I do believe it is best decided at the local level. We have not initiated any kind of a regulation or rulemaking on neutrality. As stated earlier, the section of our act which directs the Secretary to encourage the participation of private enterprise to the maximum extent feasible has been a statutory basis of the guidance that we have issued.

Mr. COUGHLIN. I know that many people are under the impression that UMTA would take no additional steps with regard to this without the opportunity for public comment.

That is what the directive of the Continuing Resolution requires, and your October 22nd, 1984 Private Sector Policy Statement stated that a regulation would be forthcoming on the subject. Why have you instead issued the guidelines that takes effect in a year?

Mr. STANLEY. We have issued guidelines which specifically solicited comments. I would be the last person to favor initiating a regulation based on the statutory authority and maximizing the private sector participation.

The guidelines did solicit comments, and we will take them into consideration. Although we did state in October 1984, that we were considering a regulation, at this time there is no intent in the administration to issue a regulation that we would require any specific level of compliance.

Mr. Coughlin, through discussions, and demonstrations in the administration of privatization and competition, questions were asked about our definition. We have also been flooded with a number of complaints from private operators against public authorities based on 8(e) of the Act, or on charter violations.

What we tried to do in the guidance is to provide the information that would be contained in a circular, adopting a policy, whether it is on spare ratios, or on other items, to explicitly state what we considered to be the guidelines on that private sector policy. All we have requested of transit authorities is a two to three page statement on their policy in conformance with that part of our Act.

We have not regulated, held up grants, given them minimum allocations, or demanded certain amounts of competitive services to be provided. We have got that in a legislative proposal, but we have not done that in the agency at this point.

PRIVATIZATION AND PROFITABLE ROUTES

Mr. COUGHLIN. I know transit is after all a service operation, and how do you respond to the concern that privatization would skim the cream off the top and then leave the worst routes for the public transit agencies to run?

Mr. STANLEY. My answer to that is that many of the routes that are contracted out, as the witness and private operator we had in yesterday testified, carry disabled people such as in the Chicago area. The majority of the routes that get contracted out are for the handicapped, provide late night service or are, the least profitable.

Very few of them are profitable; but instead are the least used routes.

The Chicago experience has been very effective and provides great benefits. The routes that the CTA has used private contractors for are late night, and serve handicapped individuals. The result of this has been a doubling in the amount of trips, and almost a doubling in the amount of service provided for people due to the lower cost.

There has been some express bus route contracted out on the expansions. The initial successes in the mix of public and private operation has gone to the originally intended constituents of this program—the elderly, the handicapped, and people who are not on main line service.

Mr. BUTLER. If I could just add one thing to that. From the standpoint of the skimming the cream argument, the one point that is overlooked is the fact that we are not asking private operators to come in and operate routes for a profit. We still foresee that there will be public control, as Mr. Stanley has pointed out several times; where the public entity will still control fares, routes, et cetera.

The other point made in many conferences held around the country in the last year, is that in an industry that is losing in the area of five to six billion dollars a year, it is pretty hard, to find the cream to skim off in the first place.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. LEHMAN. Mr. Carr.

Mr. CARR. Thank you, Mr. Chairman. On privatization you say you require a two to three page statement by the transit authority about what they think about privatization. Is that basically it?

Mr. STANLEY. What we have asked them to do is to adopt a policy on privatization consistent with the guidelines we had, and the legislation we have. We have not asked them to set anything aside. There is a lot of misunderstanding, that we are requiring them to change what they are doing. We are encouraging competitive bidding and many in industry are saying I think it works.

PRIVATIZATION AND GRANT APPLICATIONS

Mr. CARR. If the transit authority said we have a policy that we are not going to privatize, and they put that in two or three pages, that would not, in other words, disqualify them from any grant?

Mr. STANLEY. No. Due to the concerns about that, we are now on this quarterly grant approval basis. Those first grants that we got—I think there are about 38 of them that did not have a private policy adopted. I directed the regions, in memos and letters, that none of those grants be held up, if that is the sole reason that the grant application is deficient.

Mr. CARR. So in other words, you never turn down a grant application because of an inadequate privatization statement?

Mr. STANLEY. No. If a transit authority adopted a policy that said they were going to exclude the private sector completely, the vulnerability is less from UMTA than it is from a private operator who would say that kind of a policy violates 8(e) of the Act. I think they would have a tough time making a case that they have not violated this law.

Mr. CARR. Well, I will just tell you: there is a widespread feeling among transit operators that come into my office, that you are in fact requiring them to have an affirmative privitization policy; otherwise, you are not going to move on their grant application.

Mr. STANLEY. Well, the only thing I can do is ask. I have told the regions that we are not doing that. I have told everybody in the Department we are not.

We wrote a Dear Colleague letter to all the grantees, in February, clarifying that. Of the 447 applications, 56 percent of them were deficient on reasons other than not having a private sector policy.

You are going to see 44 percent of the applications approved on April 15th. Some of which I will point out have not put pen to paper in an attempt to document a private sector policy.

BID PROTEST SYSTEM

Mr. CARR. I think your statement here today is helpful on that whole thing, too. On page 87 and 88 of our report last year, the committee called for improvements in the procurement bid protest system and steps to encourage the use of competitive negotiation procedure for rolling stock purchases.

Would you please provide for the record, in detail, the steps that you have taken on each of these issues. You do not need to go into it right now, but we did have a considerable discussion last year about frivolous bid protests.

My own information is, in the past year, that that has not materially improved, and I would like to know, in some detail—you may wish to make a general comment here, right now—but I would like to know in considerable detail where we are on this problem.

[The information follows:]

Following the direction of the Committee at last year's hearing, the Administrator met with the American Public Transportatin Association's (APTA) Associate Member Board of Governors on November 15th and agreed to wok out an agenda of protest and procurement items for review, analysis and recommendation that would address the concerns of the Committee. On March 26, 1986, the initial agenda of items were discussed by UMTA representatives and the APTA Task Force. In summary they were:

First, UMTA will consider setting definitive time limits within UMTA for review of protests. Although it was recognized that delays in award were undesirable, due process requires that adequate time be given to those affected by a protest to set forth their positions. Improvements can be made in the time UMTA takes to review the positions and render a written decision. UMTA has established internal controls which have resulted in more timely decisions on most protests. UMTA is continuing to explore the feasiblity of setting up a separate office in Headquarters with responsibility to directly handle and rule final on all protests. The trade-off here is that the technical expertise and business relationship with the grantees resides in the region. Staffing is also a consideration. The APTA and UMTA group discussed an expedited protest procedure that could be used where the interested parties were agreeable.

Second, should UMTA require a bond to be filed with a protest? Both UMTA and the APTA task force saw merit to this proposal and though it should be a local decision as to its use. Also, many of the representatives of the industry believed there may be legal impediments to the use of a protest bond in certain states. Before any final UMTA position is taken on this matter UMTA will meet with representatives of the manufacturing and supply industry to obtain their views. The waiver of the right to protest presented several serious legal problems relating to due process and the requirement for free and open competition to the maximum extent feasible.

Third, UMTA has initiated action to educate its grantees on the use of competitive negotiations by developing and presenting a training course. This course, entitled "Cost/Price Analysis and Contract Negotiations," is a 5-day course that includes instructions on the competitive negotiation process. The course has received excellent reviews.

In addition to the Committee suggestions, the APTA/UMTA group is studying the following areas of reform:

Ways to assure that products delivered meet specifications and for refusing payment when specifications are not met;

Reevaluate the experience in the transit industry using life cycle cost procurements to determine if data exists or conclusions drawn which will reduce the number of protests;

UMTA will publish a digest of its decisions in the *Federal Register;*

UMTA will explore the feasibility and legality of requiring protests to be handled entirely at the local level; and

UMTA will continue its discussions with APTA by meeting on the above agenda items on May 20, 1986.

BID PROTESTS

Mr. STANLEY. The comment I would make now is that it has improved. Just recently we met with all the bus manufacturers and APTA to outline some of the steps we talked about last year. Basically we said we are going to implement some of those in the next couple of months to avoid such protests.

Since we are becoming an administrative/judicial swamp for protests, a lot of bus acquisitions are being delayed. Some of the protests are frivolous, and some are just deliberate competitive attempts to delay.

Mr. CARR. Have you determined whether there are any bus manufacturers who, as a matter of policy, and a matter of course, protest virtually each and every bid?

Mr. STANLEY. I would not say each and every bid. There are a couple that protest a lot more and it is clear to me, that they have exercised—they have a right to do that; they have done it with the grantee level; but the frequency of the bids—there are a few that always appear to protest the bids.

Mr. CARR. Protest. Well, I will look forward to your detailed response. I have no other questions.

Mr. LEHMAN. Mr. Wolf, do you have any questions?

Mr. WOLF. No, Mr. Chairman, thank you.

TRANSIT SAFETY

Mr. LEHMAN. Under Section 22 of the Urban Mass Transportation Act of 1964, as amended, the Secretary is authorized to investigate any transit facility, equipment or manner of operation believed to create a serious hazard.

What investigations, if any, have you made under this section during the past year and what recommendations or actions resulted from these investigations?

You can answer what you can here, and what you cannot you can supply for the record.

Mr. STANLEY. We have not initiated a formal Section 22 investigation. I will say just briefly, we have been very active based on the Secretary's strong interest in safety and have participated with regard to the safety problems associated with the Grumman Flxible buses. We work very closely with the FRA, in taking a hard look at some of the safety problems at SEPTA. We did a track inspection in New York City, at their request, again, not under a formal investigation.

We are very active through a consultant, the Fluor Corporation analyzing the safety concerns that have arisen with regard to the People Mover in Detroit. Mr. Gimmler may comment on any other ones.

Mr. GIMMLER. I think that you have covered most of them, Mr. Administrator. There were seven in all, Mr. Chairman. The advanced design bus made by Neoplan was a subject of another investigation in D.C. I do not think that the Administrator mentioned that. The construction problems in Miami, of course, were of interest to us. The UMTA Safety Office is now working closely with Miami not just on construction safety but on the operational and systems safety aspects of the Miami system, as well.

SAFETY PROCEDURES AND PRACTICES

Mr. LEHMAN. The biggest safety factor in Miami is the piers running into automobiles.

How do you ensure that the local transit operators have adequate safety procedures and practices?

Mr. GIMMLER. UMTA provides technical assistance to the transit authorities in a number of areas, such as fire safety and emergency preparedness. We are also becoming more involved with anti-terrorist activities. Drug and alcohol programs are important to transit safety and security.

We collect information and we participate in safety reviews. We provide demonstration funds on a selected basis to transit authorities to improve their equipment, their operations and their overall safety practices.

And we provide safety and security training to participants from across the country.

I have mentioned two of the new URT Technical Assistance Lead Programs. The third is Safety and Security. It will receive one of our top four priorities, focusing on passenger protection and continuing the successes of our past safety programs. I could go into that at some other time in more detail, if you would like, Mr. Chairman.

Mr. LEHMAN. For the record?

Mr. GIMMLER. Yes, sir.

[The information follows:]

The major elements of Safety and Security Lead Program are safety information, training and technical assistance. Safety and security information is collected to identify issues to be addressed and disseminate this information. Safety and security training is assistance to transit systems in applying system safety and security concepts to managing safety/security programs. Safety and security technical assistance addresses specific critical, generic and significant issues that have been identified.

UMTA has a Safety Information Reporting and Analysis System for rail transit to acquire causal information and analyze this data to identify generic, critical issues. UMTA safety/security training includes courses in bus and rail system safety, bus accident investigation, advanced bus accident investigation and transit security. In addition, seminars on bus accident investigation and explosive incident management have been provided.

UMTA's efforts in technical assistance have provided the industry with recommended fire safety and emergency preparedness practices. A national meeting of transit safety managers and fire service personnel on fire/life safety issues identified several training needs. Anti-terrorist activities and drug/alcohol issues are now being addressed as part of the Safety and Security programs.

SAFETY DESIGN

Mr. **Lehman**. Does your proposed reauthorization legislation contemplate any changes in this area—transit safety?

Mr. **Gimmler**. Section 22 of our current Act provides the authority for safety investigations. That language will not be changed in the new legislation.

Mr. **Lehman**. The NTSB has indicated that they have recommended that you require rail transit authorities to have a formal, continuing process for including local fire and emergency medical service officials in reviews of fire and safety considerations during systems planning, design, construction, and operation.

What is your view of this recommendation, and what actions have you taken to implement it?

Mr. **Gimmler**. Those recommendations go back to the 1979-1981 period. We have responded positively to them. We have published a report, entitled Recommended Emergency Preparedness Guidelines for Rail Transit Systems. Those guidelines address all four of the areas that were identified by the NTSB.

All the rail rapid systems in the United States have developed or are in the process of developing comprehensive emergency preparedness program plans on the basis of those guidelines. Most recently, in August of 1984, we published in the Federal Register recommended fire safety practices for rail transit material selection. As you will recall, the BART incident which was the basis for many of these recommendations, was a fire which was traced to the flammability of materials and the design of the vehicles. We have given technical support directly to the Bay Area for the particular problems that they have had. Finally, as the Fall of 1985, we convened a national meeting bringing together senior transit safety managers, and fire service personnel in order to help them identify their respective problems regarding fire and life safety.

So in summary, I think we have very actively responded to the NTSB recommendations.

PROJECT MANAGEMENT OVERSIGHT

Mr. **Lehman**. Section 323 of the Fiscal Year 1986 Transportation Appropriations Act permits you to contract directly with consultants to oversee the construction of any major project. To what extent have you used this provision?

I think that some of that came out of the problem that we had in Miami. It was indicated that you did not properly oversee your monies, and some things were spent wrongly.

Mr. **Stanley**. We have taken advantage of that and have active consultants, for at least four on-going projects—Miami, Detroit, Santa Clara and Sacramento.

We have also had a competitive procurement so that we will establish a stable of competent firms that will serve as our project management oversight firms. We are then going to assign one to each of the major capital projects that we enter into in the future.

Mr. **Lehman**. You just cannot leave the whole responsibility to the local authorities.

Mr. **Stanley**. Yes, Mr. Chairman, particularly in the areas where there has been no experience in the building of projects similar to that.

DETROIT PEOPLE MOVER

Mr. **Lehman**. Last year you indicated that you had contracted with the Fluor Corporation to analyze the Detroit people mover construction activities. What did the Fluor Corporation find and what is the current situation with regard to the construction problems which have plagued this project?

Mr. **Stanley**. The Fluor Corporation's findings in brief, were that there had been a lack of proper record keeping between SEMTA and UTDC, that there was ineffective project management on the project and no schedule control. There was also ineffective quality assurance, and an excessive number of design changes on this project. The critical issue right now is that 58 of the beams have been judged by Fluor to be deficient and have major structural problems in need of repair. That project has been transferred to the Detroit Transportation Corporation who was attempting to work with the construction and engineering firm to correct the beam flaws.

Mr. **Lehman**. You know the Detroit People Mover makes Miami look good.

[Laughter.]

NEOPLAN CRACKS

Mr. **Lehman**. Last year, it was indicated that a potential hazard of A-frame cracks was identified in 15 percent of the Neoplan buses and that 7 percent of the Neoplan buses had experienced cracks in the front suspension. You also indicated that you intended to work with NHTSA to monitor these buses. What is the current situation regarding the Neoplan buses?

Mr. **Gimmler**. If I may, Mr. Chairman, Neoplan has agreed to the National Highway Traffic Safety Administration's request for a voluntary safety recall of all of its 2,000 advanced design buses They are replacing the A-frames in most cases, and they have completed 270 changeovers to date. They expect to complete the remainder within the year.

Mr. **Lehman**. Mr. Coughlin?

ALCOHOL PROGRAMS

Mr. **Coughlin**. Do you have any sort of a program on alcohol problems among transit drivers and operators?

Mr. **Stanley**. A number of the transit authorities do have programs and some are done with our assistance. Mr. Gimmler mentioned a couple of examples earlier.

Mr. **Gimmler**. The Secretary is very concerned and has established a departmental task force on drug and alcohol abuse. We are a member of that committee and are working cooperatively with the other modes. We will have drug and alcohol projects within our safety and security lead program. We view it as a serious problem.

Mr. COUGHLIN. I know that it is a big problem with railroads and I assume it is also a problem with transit.

Mr. STANLEY. It has been a problem with transit and I think that WMATA has had that experience in the last year.

The technical assistance programs in a major initiative on drug and alcohol abuse consistent with the Secretary's task force.

Mr. GIMMLER. I might submit for the record, a specific response to your question about what is included in UMTA's Safety and Security Lead Program for drugs and alcohol projects.

Mr. COUGHLIN. Thank you, Mr. Chairman.

[The information follows:]

UMTA cooperated with the industry in developing a Symposium on Drug and Alcohol Use/Abuse in Transit, in 1985. The Symposium brought together representatives from the transit community including transit organizations, both public and private, from the manufacturing and consulting sector and from the government sector of the transit community. The Symposium was successful in identifying specific problems and concerns of the transit community and has led to the development of a second Symposium to be held in the summer of 1986 to present remedial solutions to the various drug and alcohol problems in transit. A Workbook/Manual is expected to be developed by the Symposium.

UMTA also is in final negotiation for a contract addressing the drug-alcohol issue. The study will examine the specific level of the problem in transit and develop guidelines and a methodology for handling the problem.

LIFE CYCLE COSTING

Mr. LEHMAN. Mr. Coughlin, would you like to ask the next several questions?

Mr. COUGHLIN. Certainly, thank you, Mr. Chairman.

What is the status of your evaluation of the transit industry experience regarding life cycle cost procurements?

Mr. GIMMLER. We did undertake some activities related to life cycle costs two years ago. We gathered together information on cost drivers, and tested some vehicles in Ohio to determine their fuel efficiencies, and we collected a number of documents that were generated by the industry to pursue life cycle costing in the procurements.

What we are finding, is that of life cycle costs analysis within fixed price low-bid procedures is overly restrictive. It requires formulas and data that become contentious and debatable. I think that the direction that the industry will take and that we will encourage is to introduce more generic life cycle cost principles into competitive negotiations. We do not have anything in our program at this point, Mr. Coughlin, to address specifically the life cycle cost procurement process.

Mr. COUGHLIN. To what extent has life cycle cost being used for bus procurements?

Mr. GIMMLER. A limited extent.

COMPETITIVE NEGOTIATIONS

Mr. COUGHLIN. What has been the response to your training course on the use of a competitive negotiation method for purchasing rolling stock?

Mr. **Sander**. In response to the courses that we have held, they have been very, very satisfactory. We have had five sessions in Fiscal Year 1985 with an average of 50 to 60 grantees represented at each of those sessions. One of those training courses is ending today in Denver. There will be sessions scheduled for the balance of the fiscal year in Kansas City, San Diego, Houston and Miami.

The response to the courses has been excellent. Anticipating your next question, though, there has only been one competitive negotiation bid that has been successfully completed in the United States and that was with the NBTA for $28.9 million with the GMC for 280 ADB buses. That is the only competitive negotiation to date.

Mr. **Coughlin**. Have you taken any other actions to ensure that grant recipients are aware of the procedure and the methods of using it?

[The information follows:]

The procurement training courses mentioned earlier provide the grantees with an excellent opportunity to discuss methods of procurement and their use. Many grantees have taken advantage of this opportunity and have asked questions regarding the procurement of rolling stock through competitive negotiation. In addition, the Office of Third Party Contract Review serves as a source of guidance for grantees on the use of competitive negotiation procedures. During procurement system certification reviews, the staff provides the grantee with information on all types of procurement, including competitive negotiations.

UMTA reiterated its support for the use of competitive negotiations for the procurement of rolling stock in a memo from the Deputy Administrator to all the Regional Administrators. This memo instructed the regional offices to provide information to their grantees on the proper procedures involved in competitive negotiations. In addition, the memo provided information on the most important aspects of competitive negotiations and invited the regional offices to contact the Office of Third Party Contract Review for more information.

LEVERAGE FINANCING

Mr. **Coughlin**. In the past we have discussed your feasibility study of long-term leverage financing which was required by section 315 of the Surface Transportation Assistance Act. Has this report been completed? If so, what were your conclusions?

Mr. **Butler**. Mr. Coughlin, that was transmitted to Congress on November 22, 1985. We will be glad to provide extra copies to the Committee. The reason for the delay was that when this Administrator came on board, the report was just in its final stages with the consultant. There was an internal debate within the administration on exactly what should be said in this report. This debate, coupled with the many changes that were taking place within the industry, caused the delay.

The finding, very briefly, is that there is considerable potential for leverage financing. Because of Mr. Stanley's efforts, more and more people and transit authorities are looking at how they might be able to use their Section 3 and 9 funds in innovative financing techniques to expand their potential funding sources.

TAX EXEMPT BONDS

Mr. **Coughlin**. Information we have received, indicates that there is a provision in the Administration's tax reform proposal that, in essence, requires local authorities to avoid any form of privatization to assure tax exempt status on their bonds.

Is this correct? If so, did the Treasury Department discuss this with you before it was proposed or have you discussed it with Treasury since it was proposed?

Mr. BUTLER. Mr. Coughlin, the answer to that is yes. The President's proposal does not permit tax exemption for interest on state and local government bonds. If one percent of those bond proceeds will be used by any entity other than a state or local governmental unit. The House provision loosens that a little bit and allows that if the amount is less than $10 million, it can be a tax exempt unit. If it is over $10 million, obviously not. Our position is that this will have a negative impact on some of the financing strategies we are looking at.

To answer your question with regard to the Treasury Department, we have been in discussions with them on the legislation and continue to be. They are receptive to talking with us and listening to our point of view. From the Administration's standpoint, our efforts in regards to public-private partnership at UMTA have been greatly supported not only by Treasury, but by the Administration as a whole.

SAFE HARBOR LEASING

Mr. COUGHLIN. What is the current status of the so-called safe harbor leasing tax expenditure activities regarding the acquisition of mass transit vehicles?

Mr. LASALA. The current status is that transit authorities are eligible to continue the use of safe harbor leasing for mass transit vehicles through the end of calendar year 1987, at which time that provision expires, under current law.

Mr. COUGHLIN. Last year it was indicated that you had approved 105 safe harbor leasing transactions amounting to $56 million. Would you provide the number and amount of safe harbor leasing transactions approved?

[The information follows:]

Our records indicate that we have approved some 112 safe-harbor leasing transactions involving the local share portion of UMTA-funded equipment. As a result of these transactions, our grantees have earned approximately $65 million.

TERMINATION OF SAFE HARBOR LEASING

Mr. COUGHLIN. Last year it was indicated that the draft Treasury proposal on tax reform would not have extended the transit safe harbor leasing provision beyond its current statutory expiration date of December 31, 1987.

Is that still the Administration's position?

[The information follows:]

Yes. The 1982 Tax Equity and Fiscal Responsibility Act terminated safe harbor leasing for most entities but permitted mass commuting vehicles to continue to be subject to these provisions until December 31, 1987. The Administration does not support an extension of the provision beyond that date.

HANDICAPPED ACCESSIBILITY

Mr. COUGHLIN. Last December, it was reported that a federal judge had given the Department 10 days to write regulations governing accessibility by the handicapped to public transportation systems receiving federal money.

What is the status of these regulations?

[The information follows:]

The Federal District Court of Maine, in a law suit brought by a Portland handicapped group, issued an order on December 3, 1985, directing the Department of Transportation to complete drafting the regulation, to transmit it to the Office of Management and Budget and the Department of Justice, and to report to the court every 15 days on the progress. The Department has complied fully with the order. We have received the Office of Management and Budget's and the Department of Justice's comments and are working with both agencies to solve any problems expeditiously.

Mr. COUGHLIN. What do your regulations provide with regard to the provision of service, the cost of providing service, and procedures for monitoring compliance?

[The information follows:]

Since the Department of Transportation has not published the final rule, the Urban Mass Transportation Administration is unable to comment on the substance of that rule.

USER-SIDE SUBSIDIES

Mr. COUGHLIN. In the past we have discussed some of your demonstrations involving user-side subsidies. Do you believe that the provision of user-side subsidies can have industry-wide applicability?

[The information follows:]

We have not conducted a recent survey, but a study done in 1981 found over 100 applications of the user subsidy concept nationwide. Based on conversations with taxi and transit operators, we believe that number has increased. The User-Side Planning Handbook continues to be requested, and there do not appear to be any reasons why it could not have industry-wide applicability.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

Mr. COUGHLIN. Last year it was indicated that your DBE participation was about 14.5 percent in fiscal year 1984. What were your DBE figures for fiscal year 1985?

Mr. SANDER. For fiscal year 1985, our preliminary estimate is about 14.8 percent. There are still several grantees who have not submitted their final report. We expect that it could go even higher than 14.8 percent in fiscal year 1985.

Mr. COUGHLIN. You also indicated that San Diego was the only recipient that had received a waiver of your 10 percent goal and it was effective only through June 30.

What is the current situation in San Diego and have there been any other waivers requested?

Mr. SANDER. In fiscal year 1984, San Diego had only achieved a goal of 5.07 percent, and that was because the 20 percent rule did not allow them full credit for all of their purchases from secondary suppliers.

In fiscal year 1985, they had 11.2 percent. So they are well above the 10 percent goal and have straightened themselves out.

And in fiscal year 1985 only two other recipients asked for waivers, Rochester, Minnesota and Reno, Nevada.

Mr. COUGHLIN. The Secretary's letter accompanying your proposed legislation states that the issue of the DBE program is still under consideration. Have you developed a position on whether Section 105(f) of the Surface Transportation Assistance Act should be revised?

Mr. SANDER. The Department is continuing its review of the possibility of providing similar language to that which is currently in Section 105(f), and Secretary Dole indicated in her testimony before this Committee that she is committed to working closely with the Committee members to provide the kinds of negotiations that are necessary as that reauthorization legislation is developed. To date, there have been no decisions as to what the specific language will be.

Mr. COUGHLIN. To what extent are you still experiencing difficulty ensuring that "false front" organizations are not receiving transit DBE grants and what actions are you taking in this area?

Mr. SANDER. We have been working with the IG and with our regional offices and our grantees to try to identify potential fronts. As any fronts are identified in any of the programs of the Department, there is a notification that is sent to all grantees about the firms. Fronts remain a problem with this program, which requires that we be constantly vigilant Mr. Coughlin. There is not a definitive answer that I can give you on how many fronts there are out there.

ANTI-DEFICIENCY ACT

Mr. COUGHLIN. Last December we received a report on an Antideficiency Act violation. I realize that this happened before you became administrator, but the report refers to a systemic problem.

What actions have you taken to correct this problem and how are you monitoring this situation to ensure that it does not reoccur?

Mr. SANDER. The Anti-deficiency problem that we identified was due to a practice that we had in the agency for a number of years of trying to get reobligated funds that had already been given to grantees. We used "zero dollar amendments" to accomplish this.

While this practice made it easy to use funds and while these funds were used only for transit related projects, there was a problem with the law, because this money had technically lapsed.

So we changed the approach with zero dollar amendments so that they are no longer used. All the regional offices have been issued a legal opinion which defines a change of scope in a much more limited way, and I can assure you that this will not be a problem with the program again.

CHOICE BETWEEN HIGHWAY AND TRANSIT

Mr. COUGHLIN. Transportation Department officials contend that the current system of separate highway and mass transit programs has resulted in inefficient local spending decisions. Can you give some examples of parallel roads and transit systems or places where the choice between transit and highway projects was based on what Federal money was available rather than on which would be more efficient?

[The information follows:]

There are a number of examples where such duplicative projects have been programmed. In Atlanta, the North line is being constructed parallel to I-75/85, which is being widened to four lanes in each direction with Interstate funds. The capacity of the facilities together will be over twice the current demand in the corridor. In Washington, the Orange Line is being built in the median of the recently opened I-66, which is open only to high occupancy vehicles in the peak periods. These projects together will have a capacity five times the current peak demand. In Los Angeles, the locally funded Long Beach Light Rail Line is being planned parallel to reconstruction, with Interstate funds, of the Harbor Freeway, a project which includes construction of a transitway. The transitway alone could carry over five times the volume of the Light Rail line. If the local funds were used to construct the transitway, the Federal Interstate funds could be saved. Their availability induces the local area to program both facilities, to maximize the flow of Federal funds to the area. In Northern New Jersey, I-280 was constructed parallel to the reelectrification of the Morris and Essex line.

PASSENGER REVENUES

Mr. COUGHLIN. An op-ed piece in the Wall Street Journal this year, set forth the theory that transit totals are secondary to how the aid is directed. Let me be quick to say that I do not necessarily subscribe to the "transit totals" part. However, I was interested in the fact that since 1965, passenger revenues have fallen from 98 percent to 38 percent of total operating expenses of urban systems.

The 80 percent Federal funding match for capital equipment was identified as counterproductive and a distorting influence pushing cities to buy new buses rather than repair existing ones.

And "discretionary", rather than "formula" capital money was an "open invitation to pork-barreling".

Are you writing for the Journal under a pseudonym?

[The information follows:]

The *Wall Street Journal* has its own distinctive and respected editorial point of view. The newspaper has the excellent sense to agree with the Reagan Administration that the current federal program has major flaws that should be congressionally corrected. I would not presume to write for the *Journal* under a pseudonym.

BUY AMERICAN

Mr. COUGHLIN. The Administration is proposing to repeal the Buy American provisions in the Surface Transportation Act of 1986, and I would like to know more about the rationale underlying this proposal.

Did DOT analyze the impact that eliminating the 51 percent American content provisions would have on the domestic suppliers of rail transit equipment? This provision has helped them hold off predatory foreign suppliers, who are able to sell from protected, exclusionary markets, utilize government-subsidized financing, and other export aids, and to sell at less cost, maintaining employment rather than profit levels.

Due to Buy American, foreign and domestic prime contractors solicit support from domestic suppliers.

Does DOT think that giving the foreign manufacturers carte blanche entry into the domestic transit market will encourage the European and Japan and the newly-industrialized countries to provide open and equal access to their domestic markets?

The President has called for a level playing field in world trade, but you seem to be advocating unilateral disarmament in this trade sector.

[The information follows:]

The current "Buy America" provision is inconsistent with the Administration's trade policy. The Government Procurement Code of the General Agreement on Tariff and Trade (GATT) requires countries to give imports the same consideration as domestic producers. It is expected that if the United States takes the step to open its market to foreign producers, then foreign markets will be open to U.S. producers and manufacturers.

FISCAL YEAR 1986 SUPPLEMENTAL

Mr. COUGHLIN. In a March 18 letter from Secretary Elizabeth Dole to this Subcommittee, Fiscal Year 1986 supplemental appropriations were requested in the amounts of $80 million for FAA and $35.5 million for the Coast Guard.

Of this amount, $94.52 million was to be offset by reductions in UMTA's operating assistance to areas with populations of more than one million. As you know the Committee did not accept this proposal. However, if the Committee had agreed, would you not have had a problem since this funding is already (or should already) be obligated?

How would it have been recovered?

[The information follows:]

Assuming that only areas over one million are affected and that each area is cut the same percentage, several options would be available to the Department:

1. To the extent that unobligated balances are less than an area's share of the $94.52 million, then any funds deobligated in the future will be written off until each area's share of the reduction is accomplished. This approach would probably take at least several years.
2. Assess the reductions in the FY 1987 apportionment. This approach would give grantees some notification so that they could adjust their future funding plans.
3. Assess the reductions in FY 1985 unobligated carryover to the extent possible.
4. Funding could be deobligated if not already disbursed and if the appropriations language was appropriately written to directly permit us to do so.

If the Department chooses not to cut each of the large areas the same amount, then we could assess the cuts against those areas which have not yet obligated all of their operating assistance for FY 1986. Of course, we will work with the Committee to draft any necessary language needed to implement the chosen option or options.

INNOVATIVE TECHNIQUES

Mr. COUGHLIN. Applications for grants under the Innovative techniques and technology introduction program were submitted by mid-November of 1985. I understand that this was for Fiscal Year 1985 money. What is the status of these applications?

Had any grant money been obligated?

When will there be a solicitation for Fiscal Year 1986?

And what is the future of UMTA's technical assistance group?

[The information follows:]

Proposals for projects under the Fiscal Year 1985 Innovative Techniques and Technology Introduction Program have been reviewed and ranked and response letters have been prepared. Successful applicants for $1,979,000 in projects have been notified, although no grant monies have yet been obligated. During FY 1986, UMTA may solicit letters of interest as has been done in the past, or may utilize its authority to invite grant proposals on a more focused basis in support of lead program objectives.

In the future, the Urban Mass Transportation Administration technical assistance program will focus on information collection and dissemination. Support will be provided to other Urban Mass Transportation Administration elements and to the Office of the Secretary in the conduct of their activities. Special emphasis will be placed on activities in the areas of safety, privatization, maximizing revenue, protecting and enhancing capital investments and energy management and alternative fuels. Cost savings will be achieved by:

Elimination of major technology development

Use of the private sector in the accomplishment of much of what the Urban Mass Transportation Administration staff has done in the past

Require that attendees share in the costs of URT training activities

Use of the resources of the sections 3(a)(1)(C), 4(i), 8,9 and 20 programs to support Section 6 priorities

Elimination of financial support for the cost of normal operations associated with demonstrations.

FARE COLLECTION

Mr. COUGHLIN. I understand that UMTA has done work in the field of fare collection and, indeed, has an UMTA fare collection coordinated program to assist the transit community

How big a problem is fare collection?

What does the UMTA program do?

[The information follows:]

Based on the studies we have conducted, we estimate that it costs transit agencies approximately 10 cents for each dollar in revenue collected to collect and process that revenue; that a good deal of revenue (up to 20% of revenue collected) is never realized by transit agencies because of fare evasion and internal and external theft; and that at least 10% additional revenue could be realized by transit agencies if fare collection equipment and local policy would permit the use of structural fare systems that are based on such variables as distance travelled, time of day that a trip is made, and number of trips made. In addition, the use of dollar bills for fare payment on buses have substantially increased problems transit agencies are experiencing with their current fareboxes and with passenger dwell times at bus stops; as the fares increase, these problems are severely compounding.

The Urban Mass Transportation Administration has initiated a Revenue Maximization Lead Program to develop projects that should result in techniques and procedures that transit agencies could use to increase their revenues. The problems of fare collection are a major activity area in this problem. We will be conducting a project to identify effective countermeasures and procedures that ensure revenue security and accountability, and to develop guidelines transit agencies can use in setting up or evaluating their revenue security and accountability programs. We will conduct a project to study the feasibility of alternative programs. We will conduct a project to study the feasibility of alternative fare media to the use of currency to lower the cost of fare payment, to permit broader use of alternative fare structures, and to provide for increased passenger convenience.

PRIVATE SECTOR

Mr. COUGHLIN. Section 3(j) of the guidelines describes the paperwork which must be maintained in order to document private sector participation or its consideration.

Have you any estimate of the cost of maintaining this sort of paperwork? Who is to pay the cost?

[The information follows:]

We do not expect documentation requirements to be either costly or burdensome. We expect localities merely to develop a brief summary (1-3) pages) of what they have been doing to include the private sector in their programs and what they expect to do in the future. To support legislative findings required by Sections 3(e) and 8(e), grantees should have already submitted similar documentation prior to the issuance of the guideline.

Mr. COUGHLIN. In the private sector, the presumption is normally that the "company" should do its own work whenever possible, particularly when the work is the core function of the company.

Usually one has to justify contracting out, rather than the failure to contract out. Why should transit authorities be run any differently, in respect to contracting out, than efficient private companies?

[The information follows:]

Private companies are constantly under the competitive pressure of the market place to provide the best service at the lowest cost. For the last two decades, public transit services have been operated as monopolies, with cost increases far above inflation and decreasing operating efficiencies due to high labor rates and restrictive work rules. We are trying to introduce competition in public transit to bring costs down and improve productivity. Studies by the University of California, and the University of Pennsylvania and others, indicate that competitively provided services often cost 10 to 50 percent less. Private contractors should be selected only when they can do the job better and/or at a lower cost.

Mr. COUGHLIN. Under UMTA guidelines, it appears that "private" equates with "for-profit" and that private nonprofit organizations are excluded. Is this so? Why?

[The information follows:]

We do not equate "private" with "for profit" operators nor are non-profit organizations excluded. What our guidelines seeks is the development of a local process to select the most economical and highest quality service in the best interest of the public, whether the provider is a private operator, private non-profit or public agency.

The guidelines only intend to instruct grantees, including non-profit agencies that they must consider private-for-profits as well as non-profit agencies in making service decisions. If these instructions were not spelled out, public and non-profit grantees could avoid considering an important segment of the private sector, the for-profit private companies, simply by pointing to the fact that they were contracting with non-profit agencies. The intent of the guidelines is to consider all parties.

Mr. COUGHLIN. Are there any broad based studies other than anecdotal evidence, of examples where privatization has produced long term cost savings while maintaining high quality comprehensive service. Many people feel that private operators have a somewhat poor record.

Please provide for the record.

[The information follows:]

Yes, a study by Mr. C. Kenneth Orski examining unsubsidized privately-operated commuter express service, estimates that over $70 million in subsidies could be saved nationwide by localities, if they were to turn over private operators. Many of the commuter services that public agencies now operates are at a loss.

Another study by Dr. Roger Teal of the University of California and Dr. Edward Morlok of the Unversity of Pennsylvania found that public agencies which have contracted out fixed route services reported savings of up to 50 percent with an average savings of 28 percent.

Mr. COUGHLIN. What assurances does UMTA have that privatization will not once again lead the fragmentation of regional transit systems, poorly coordinated service, declines in quality and the inevitable loss of ridership?

[The information follows:]

By privatization, we do not mean the public abandonment of their responsibilities to provide a coordinated and cost-effective service or even the resurrection of private franchises. Rather, we mean the introduction of competition for the provision of specific public services, which will be determined and monitored by the public agency. The requirement for a well coordinated service will still be the prime responsibility of the public agency.

Mr. COUGHLIN. It has been charged that privatization:

A, is the prelude to the extinction of public transit agencies.

B, is synonymous with "union-busting".

How do you respond to these charges?

[The information follows:]

The use of private contracting and competition will actually *strengthen* public transit agencies by making tight dollars go farther and by giving agency decisionmakers a choice in deciding who, public or private, will provide the various transit services they want. Where a local agency has no options, it pays the price of monopoly in terms of money and flexibility. The thrust of UMTA's private sector policy is to give the public transit agency those options.

The price of monopoly in an era of tight budgets cannot be tolerated. Service cutbacks, job losses, and even bankruptcy (e.g., Chattanooga, Tennessee) have been the results so far. By giving transit authorities the opportunity to reduce their costs via contracting and competition, our private sector policy will help prevent these problems. These savings of 10 to 50 percent can be used to preserve and *expand* public transit.

The preservation and expansion of service could be a boon to unions, which have much to fear from service cutbacks. A recent UMTA-funded study estimated that if the savings from contracting just 20 percent of transit services are plowed back into public transit, the total number of transit jobs would *increase* between 1 and 6 percent. It is even harder to see private competition as anti-union when it is estimated that over 60 percent of private bus transportation employees are unionized.

EXTENT AND COST OF PRIVATE TRANSIT

Mr. COUGHLIN. What is the current extent of privatization in transit?

[The information follows:]

At the present, a little over 5.1 percent of public transit operating costs have been contracted to private operators. These private operators provide 8.1 percent of the revenue vehicle miles. This is estimated from only half which represents competitively developed contracts.

Mr. COUGHLIN. Can you give the Subcommittee some examples where privatization has resulted in cost savings?

[The information follows:]

Representative examples of savings realized through privately provided services include the following:

Yolo County Transit system reported a difference of at least 37 percent between private competitive bids and the in-house cost.

Tidewater Transit reported a 48 percent difference in the unit cost of services between private contracted prices and in-house costs.

San Diego County Transit reported a cost difference of at least 34 percent between private bids and in-house costs.

The Chicago Transit Authority was able to contract out all their elderly and handicapped services to four private contractors for less than half of the cost ($28.61 vs. $14.00 per vehicle hour). Further, service quality has been improved, ridership has tripled and hours of service availability has increased, all within the the last six months.

In El Cajon, California, the cost of services charged by the regional transit agency was 2½ times as high as the bids received from private contractors.

Phoenix contracted with a private taxicab company to provide demand responsive servive over the weekends and holidays, thus saving $1.4 million annually over the cost of comparable in-house provided conventional fixed route service.

Houston Metropolitan Transit Authority recently discovered that they could meet their commuter needs better with privately contracted services that cost $72.00 per hour vs. the $120 per hour to provide this service themselves.

BLOCK GRANTS

Mr. GRAY. The ground transportation block grant proposed in the 1987 budget is very similar to a block grant proposed as a part of the Reagan Administration's "New Federalism" initiative in 1982. Congress showed very little interest in the proposal at that time. Why should it be more interested in this proposal now?

[The information follows:]

The current Transportation Block Grant should attract greater congressional interest than the "New Federalism" initiative of 1982 for three reasons. First, with the addition of the five cent a gallon user fee, there is substantially greater funding available to transportation, in both the block grant and other accounts, than was available in 1982.

Second, this proposal addresses the issues raised concerning the earlier proposal. The Transportation Block Grant is structured to ensure that funding decisions are made by those most keenly aware of local mobility needs. For example, a substantial portion of the Transportation Block Grant funds must be passed through the States for programming by the Metropolitan Planning Organizations in urbanized areas of 200,000 population or over. This will assure that local officials are able to determine funding of transit and highway funds, assuring that worthwhile services are continued.

Finally, the disadvantages of categorical grants have become more apparent during the intervening years. Highways and transit systems have been built, offering duplicative services, because grant funds were available. For example, the I-66 corridor in northern Virginia, offers both bus and rail services in a corridor which either could serve adequately. This costly redundancy should give Congress reason to consider this new proposal carefully.

Mr. GRAY. In December of 1982, during a debate on the Surface Transportation Assistance Act of 1982, the Reagan Administration seemingly agreed to the merits of establishing a separate trust fund account for mass transportation assistance. The proposed ground transportation block grant, however, would allow states and certain urban areas to make these funds available for highway projects as well as transit projects.

Why has the Administration changed its thinking on use of the mass transit account?

[The information follows:]

The most important difference in the use of the mass transit account is that it will be distributed by formula to all urbanized areas, assuring them of funding to meet their mobility needs. While some of these funds may be used for highways in certain areas, the Administration's proposal assures that the decision to use mass transit account funds for highways will be made be responsible local officials who best understand local transportation needs.

Currently, the bulk of the mass transit account goes to only a few urbanized areas, although all areas contribute to it. Moreover, approximately one-third of the mass transit account, that portion designated for new starts, has been earmarked by the Appropriations Committees for projects without regard for the merits of the projects or the availability of funds to complete these projects. The Administration believes a formula distribution, with enhanced local flexibility, would assure a more effective use of the funds available while providing greater equity.

Mr. GRAY. The philosophical underpinnings for the ground transportation block grant as stated in the major policy initiatives section of the budget is that decision making for highway and transit programs is best done at the state and local levels.

Given the Administration's point of view, particularly about trust funds, why did you not just propose that these programs and their related taxes be given to the states and localities in their entirety—along the lines of the "New Federalism proposal", rather than keeping them as Federal programs?

[The information follows:]

A direct tax turnback could be an attractive alternative as evidenced by the support of the concept in the National Governor's Association. Only certain portions of the Federal Highway Program are included under the Transportation Block Grant. Turning back only those taxes now collected for programs combined in the Block Grant could lead to certain inequities, benefiting those States that receive disproportionate amounts under programs not included in the Block Grant, such as the Interstate System, while reducing funding to States that now receive more under the Mass Transit Account than they contribute. A tax turnback, while it could be disruptive in the short run, should definitely be considered in the future, when a greater portion of transportion funding can be included in the turnback.

MINORITY BUSINESS

Mr. **Gray**. Would you please explain to the Committee exactly what UMTA's position is on Section 105(f) of the STAA of 1982?

[The information follows:]

The Department of Transportation is continuing to review the possibility of providing language similar to that in Section 105(f) of the Surface Transportation Assistance Act of 1982. As Secretary Dole indicated in recent testimony before the House Appropriations Subcommittee, the Department intends to work closely with the members of Congress on this provision during development of reauthorization legislation. To date, no decisions have been made.

Mr. **Gray**. In your view, has Section 105(f) resulted in an expansion of business opportunities in the transit fields for disadvantaged individuals?

[The information follows:]

Section 105(f) has resulted in an expansion of business opportunities for disadvantaged individuals/firms. An indication of this is the increased number of firms that are seeking to participate or have participated on projects funded by the Urban Mass Transportation Administration (UMTA). Information provided recently by the largest UMTA recipients showed that in 1982, a total of 3,251 minority firms had been certified; in 1985 the same recipients reported an increase in the number of firms (6,502) certified as disadvantaged business enterprises (DBEs).

Quarterly report information received in UMTA has shown an expansion of business opportunities for DBEs in that recipients have not only increased the number of contracts let to DBEs in the area of construction, but in other contracting areas such as professional services, fuel, equipment, and supplies.

Mr. **Gray**. In your opinion, how many MBE's have been certified nationally for participation in the program?

What percentage of those firms have been declassified or prohibited from participating on transit projects?

Any substantiated cases of fronts?

[The information follows:]

Because recipients are responabile for certifying the eligibility of disadvantaged business enterprises (DBEs), the Urban Mass Transportation Administration (UMTA) does not maintain the certification data requested by the Subcommittee.

With respect to the total number of minority business enterprises (MBEs) certified nationally, the largest UMTA recipients from 1982 to 1985 had doubled the number of firms certified—from 3,251 to 6,502. This information tends to suggest that all other UMTA recipients increased the number of firms they had to review for social and economic disadvantage eligibility and the number of firms they ultimately certified.

With regard to firms that were decertified or prohibited from participating, informaton from the largest recipients showed that in 1982, a total of 241 firms were denied certification as MBEs. In 1985, the largest recipients increased the number of firms denied eligibility as DBEs to 351. Precise information is unavailable that shows the percentage of those firms decertified or prohibited from participating by all UMTA recipients. However, information received from the Department of Transportation (DOT) Office of Civil Rights shows that recipients continue to deny eligibility to individuals who cannot show their social and economic disadvantage and, in nearly all cases, these recipients' determination have been upheld by DOT.

With respect to substantiated cases of "front" firms, this has not been a significant problem for this agency. Three firms have been substantiated as "fronts" and are ineligible to participate in the UMTA program.

Mr. **Gray**. Would you support a reauthorization bill that included a provision similar to Section 105(f)?

[The information follows:]

To date, no decisions have been made on whether to include language in the new reauthorization bill which is similar to Section 105(f) of the Surface Transportation Assistance Act of 1982.

LEVEL OF DBE PARTICIPATION

Mr. GRAY. What is the level of participation of disadvantaged businesses in fiscal year 1985 in our mass transit?

What is projected for fiscal year 1986?

[The information follows:]

In Fiscal Year (FY) 1985, preliminary statistics show that 442 recipients met program thresholds and were subject to the requirements of the Department of Transportation Minority Business Enterprise regulation. These recipients awarded $252.9 million to disadvantaged business enterprises (DBEs), which represented 14.0 percent of the total $1.8 billion in contracting opportunities. Another $56.6 million, or 3.1 percent, went to women busines enterprises (WBEs). The FY 1985 rate of DBE participation shows that UMTA recipients have continued to exceed the 10 percent requirement of Section 105(f).

Because UMTA has actively stressed to recipients the importance of meeting this congressional mandate (Section 105(f)), we estimate that FY 1986 DBE/WBE attainment will remain constant at the FY 1985 level despite the possibility of decreased overall funding to recipients.

BONDING

Mr. GRAY. What is the status of the Minority Business Bonding Program?

When do you expect to let your first bond?

[The information follows:]

The Urban Mass Transportation Administration's Demonstration Bonding Program was initially implemented in Fiscal Year (FY) 1983 to provide bonding assistance to disadvantaged business enterprises (DBEs) on transit related projects.

In the initial contract led to undertake the project, problems were encountered in securing the private match. A second contract was let and progress has been made in overcoming the initially experienced problems. It now appears that private sector funding will be secured at a reduced level. The 1:10 leveraging ratio will be maintained.

It is anticipated that the first bond will be written by the end of FY 1986.

Mr. GRAY. Is the UMTA bonding program being coordinated with the Office of the Secretary and the FHWA, and in particular OSP's Minority Business Office?

[The information follows:]

The Urban Mass Transportation Administration's (UMTA) Demonstration Bonding Program is designed to assist disadvantaged business enterprises (DBEs) in securing bonds to enable them to compete in transit-specific contracting opportunities. While information regarding the progress of the project is shared with the Office of the Secretary (OST) (Office- of Small and Disadvantaged Business Utilization (OSDBU)), and the Federal Highway Administration (FHWA), the Demonstration Bonding Program is administered solely by UMTA.

In Fiscal Year 1985, a feasibility study was undertaken at the direction of Congress to explore the possibility of operating such a bonding program jointly between OSDBU, UMTA, and FHWA. Because of various obstacles, a jointly administered program was not developed. UMTA has continued to develop a transit-specific bonding assistance program.

PHILADELPHIA COMMUTER TUNNEL

Mr. GRAY. What is the status of the commuter tunnel cost overrun issue? Do you expect this matter to be further resolved this Fiscal Year?

[The information follows:]

On January 13, 1986, UMTA informed the City of Philadelphia that it would allow $3,470,662 ($2,776,689 Federal share) in legislatively-caused extraordinary costs. The City had claimed $7.248,457 as extraordinary costs caused by the Northeast Rail Services Act of 1981 and Northeast Corridor Improvement Project of the

Railroad Revitalization and Regulatory Act of 1976. The balance of the City's claim for this category of extraordinary costs was denied.

The City had claimed $3.4 million in extraordinary costs for eminent domain. UMTA informed the City that this claim would be denied. The City had also claimed $4.1 million in anticipated extraordinary costs for eminent domain. UMTA informed the City that anticipated extraordiary cost claims are not considered.

Since UMTA took final action on the City's claim in January, no further action on UMTA's part is anticipated.

BRIDGE REHABILITATION

Mr. GRAY. What is the status of the bridge rehabilitation projects in Philadelphia?

Is there a total estimated cost for the rehabilitation of all commuter rail bridges on the system?

[The information follows:]

We have approved two bridge rehabilitation projects with a total Federal share of $9.0 million; one was approved in FY 85 and the other in the first quarter of FY 86. Additionally, Philadelphia has projects pending rehabilitation work on the communter rail system.

The total estimated cost for rehabilitating all railroad bridges on the commuter system is calculated to be in the range of $300–$400 million. This figure is based on the Coleman Report and in-house SEPTA studies.

SECTION 20 DEMONSTRATION

Mr. GRAY. What is the status of the Section 20 Minority Business Demonstration Loan Grant awarded to Philadelphia?

[The information follows:]

The revolving loan fund in Philadelphia, administered by the Philadelphia Citywide Development Corporation (PCDC), is funded by a grant from the Urban Mass Transportation Administration (UMTA) in the amount of $675,000. The purpose of the project is to assist disadvantaged/women's business enterprises (DBEs/WBEs) in UMTA-funded projects in the Philadelphia area.

As of April 22, a total $427,878 of Federal funds has been withdrawn from the Treasury for use as loans to DBEs/WBEs. UMTA has expressed its concern to Philadelphia Mayor, W. Wilson Goode and to PCDC about the level of drawdowns.

Mr. GRAY. Have those funds which were de-obligated been requested by the city and awarded by UMTA?

If not, why not?

[The information follows:]

The Urban Mass Transportation Administration has indicated that while it supports the project, additional funds will not be reobligated until a drawdown level of $500,000 in loans to disadvantaged/women's business enterprises (DBEs/WBEs) has been reached.

As of April 22, a total $427,878 of Federal funds has been withdrawn from this Treasury for use as loans to DBEs/WBEs.

FISCAL YEAR 1987 JUSTIFICATIONS

Mr. LEHMAN. Mr. Stanley, your budget justifications consist of 76 pages, about half of which are schedules or narrative identical to that contained in the President's budget or budget appendix. If you had completed just three or four pages of the remainder of your justifications each day, they would have been completed in about two weeks. Why did it take you until the third week of March to submit your justification?

Mr. BUTLER. Mr. Chairman, you are exactly right. If we had done three or four pages, it would have taken only two weeks, but this is a unique year. Our four-year reauthorization bill was really not finalized until the end of December or mid January, and we had to conform our budget to the final decisions made in the legislative proposal.

Secondly, was the impact of Gramm-Rudman-Hollings. This was the first time that we have had to cope with it. I know that some of the folks up here on the Hill have had some unique ways of dealing with that. We had a lot of debates within the agency and within the department about the effect on our budget justifications.

So, that is the honest reason why it took that period of time.

OBLIGATIONS BY ACTIVITY

Mr. LEHMAN. Would you indicate for the record, by activity, your fiscal year 1986 obligations through February 28, 1986, as well as your unobligated balance in each activity as of that date?

[The information follows:]

	FY 1986		
	Total FY 1986 Availability	Less: Obligations as of 3/31/86	Unobligated Balance as of 3/31/86
MISCELLANEOUS ACCOUNTS	9,031	-57	8,974
Discretionary	(8,657)	0	(8,657)
Technical Studies	(124)	(57)	(67)
Elderly and Handicapped	(188)	0	(188)
Waterborne	(62)	0	(62)
ADMINISTRATIVE EXPENSES	28,710	-14,769	13,941
RESEARCH, TRAINING, AND HUMAN RESOURCES	28,872	-8,143	20,729
Research and Development	(21,734)	(7,083)	(14,651)
Managerial Training	(784)	(71)	(713)
University Research	(1,478)	(809)	(669)
Human Resources	(4,876)	(180)	(4,696)
INTERSTATE TRANSFER GRANTS	312,901	-5,270	307,631
Interstate Transfer	(311,944)	(5,270)	(306,674)
Construction Management Oversight	(957)	0	(957)
WASHINGTON METRO	432,839	-40,568	392,271
Washington Metro	(431,753)	(40,568)	(391,185)
Construction Management Oversight	(1,086)	0	(1,086)
FORMULA GRANTS	3,147,401	-149,727	2,997,674
Urban Formula (Section 5)	(148,146)	(1,125)	(147,021)
Urban Formula (Section 9)	(2,893,268)	(133,558)	(2,759,298)
Nonurban Formula (Section 18)	(98,551)	(15,044)	(83,507)
Construction Management Oversight	(1,029)	0	(1,029)
Miscellaneous	(6,407)	0	(6,407)

	FY 1986		
	Total FY 1986 Availability	Less: Obligations as of 3/31/86	Unobligated Balance as of 3/31/86
DISCRETIONARY GRANTS(Trust Fund)	1,630,005	-298,363	1,331,643
Discretionary	(43)	0	(43)
Rail Modernization	(630,440)	(265,395)	(365,045)
Bus and Bus Related	(200,668)	(26,284)	(174,384)
New Systems	(590,279)	0	(590,279)
Planning	(54,452)	(3,883)	(50,570)
Elderly and Handicapped	(29,509)	(969)	(28,540)
Innovative Techniques	(7,894)	(177)	(7,717)
Technology Introduction	(7,959)	0	(7,959)
Urban Formula(Section 9A)	(41,615)	(1,655)	(39,960)
Nonurban Formula(Section 18)	(3,052)	0	(3,052)
Construction Management Oversight	(4,594)	0	(4,594)
Obligation limitation a/	(59,500)	0	(59,500)
UMTA TOTAL	5,589,759	-503,270	5,072,863

a/ Not available for obligation due to limitation contained in FY 1986 Department of Transportation and Related Agencies Appropriation Act (P.L. 99-190).

SECTION 5 FUNDS

Mr. LEHMAN. On pages 7 through 10 you are proposing to delete all 12 UMTA related general provisions that were included in the Fiscal Year 1986 Appropriations Act. Section 317 relates to those funds appropriated under your old section 5 formula grant program. According to information you provided, more than $117 million of section 5 funds remained available for obligation as of September 30, 1985. To what extent do you anticipate these funds to be obligated during the current fiscal year?

Mr. MCMANUS. We estimate that we will obligate $85 million in the current fiscal year.

Mr. LEHMAN. Do these section 5 funds lapse at the end of 1986, if they have not been obligated?

Mr. MCMANUS. No. They lapse to the specific urbanized area to which they were apportioned but then they are recycled in the subsequent program section 9 program.

Mr. LEHMAN. They go into section 9 program?

Mr. MCMANUS. Well, they would be recycled.

CONSTRUCTION OVERSIGHT

Mr. LEHMAN. Why are you proposing to delete section 323 that relates to the use of grants funds for construction oversight?

Mr. LASALA. In our legislative proposal, which was submitted to the Congress in February, we are proposing a block grant formula program to the states which we believe will give more control over the program and the way that the funds are spent to the states and localities. And it is primarily for that reason that we do not propose a continuation of the type of language that is included in Section 323 of the FY 1986 DOT Appropriations Act.

The Administrator did testify yesterday in the Senate Banking Committee in support of a Senator D'Amato bill which would make the project management oversight operation part of the generic UMTA statute, in the event that the program as reauthorized remains essentially unchanged.

But our legislative proposal is for a block grants to the states and suggests that the decision making on how those monies should be spent should be left with the governors.

SECTION 18 PROGRAM

Mr. LEHMAN. Section 326 amended the Urban Mass Transportation Act by exempting funds received by a section 18 grant recipient pursuant to a service agreement with a state or local social service agency from the definition of "Federal funds or revenues." What impact has this provision had and how is this treated under your proposed reauthorization legislation?

[The information follows:]

The provisions of Section 326 went into effect on December 19, 1985 and will apply mostly to grants funded in FY 1986. It is therefore too early to assess the full impact of the amendment. Indications are that it will ease the difficulties in raising sufficient local share in at least some states. It is not our intention in the block grant legislative proposal to impose match requirements for rural areas other than those already contained in Section 18.

UMTA ACTIVITY SUMMARY

Mr. LEHMAN. Would you update for the record the UMTA activity summary table included on pages 778 through 780 of last year's hearing record?

[The information follows:]

UMTA ASSISTED NEW STARTS AND EXTENSIONS

OPEN

BOSTON	
Orange Line, North Extension - Haymarket to Oak Grove	6 miles
Red Line, North Extension - Harvard to Alewife	3
Red Line, South Extension - Quincy Center to Braintree	9
BUFFALO	
Main Street Mall - Amherst Street	5
WASHINGTON, D.C.	
Red Line - Shady Grove to Silver Spring	60
Orange Line - New Carrollton to Ballston	
Blue Line - Addison Road to National Airport	
Yellow Line - Gallery Place to Huntington	
BALTIMORE	
Northwest Line - Charles Center to Reisterstown Plaza	8
PITTSBURGH	
South Busway - Downtown to Overbrook	5
East Busway - Downtown to Wilkinsburg	7
ATLANTA	
East Line - Five Points to Avondale	7
West Line - Five Points to Hightower	5
North Line - Five Points to Lenox	6
South Line - Five Points to Lakewood	5
MIAMI	
Dadeland South to Okeechobee	21
CLEVELAND	
Airport Extension - West Park to Airport	4
CHICAGO	
Dan Ryan Extension - Downtown to 95th Street	10
Kennedy Extension - Logan Square to Jefferson Park	5
O'Hare Extension - Jefferson Park to O'Hare Airport	7
SAN FRANCISCO	
BART System - Daly City, Richmond, Concord, and Fremont Service	71
Muni System - Market St. Light Rail Subway - Embarcadero to Twin Peaks Tunnel	4
Subtotal	248 miles

UNDER CONSTRUCTION

BOSTON	
Orange Line Southwest Line - Washington St. to Forest Hills	6 miles
NEW YORK	
63rd St. Line - 57th/7th Ave. to 21St/41 Ave, Queens	3
Archer Ave. Line - Queens Blvd/Hillside Ave to Archer/160th	3
BUFFALO	
Amherst Street to Suny South Campus	1
WASHINGTON, DC.	
Orange Line - Ballston to Vienna	9
Red Line - Silver Spring to Wheaton	3
Green Line - Gallery Place to U Street	2
Green Line - L'Enfant Plaza to Anacostia	2
BALTIMORE	
Northwest Extension - Reisterstown Plaza to Owings Mills	6
PITTSBURGH	
Light Rail Downtown to South Hills Village	11
JACKSONVILLE	
Central to Terminal	1
MIAMI	
Downtown Loop	2
DETROIT	
Downtown Loop	3
SAN JOSE	
Downtown South to Santa Teresa	20
Downtown North to Old Ironsides	
SACRAMENTO	
Northeast Line - Downtown to Watt Ave and I-80	9
West Line - Downtown to Butterfield Way	9
PORTLAND	
Banfield Light Rail - Downtown to Gresham	15
Subtotal	105 miles
Grand Total	353 miles

Major funding commitments for buses from February 1965 through fiscal year 1985

City and Transit system	Total Buses
New York (NYCTA)	1,852
New Jersey (NJTC)	1,725
Los Angeles (SCRTD)	3,054
Orange County (OCTD)	676
Chicago (CTA)	2,942
Chicago Surburban (PACE)	706
Philadelphia (SEPTA)	2,076
Detroit (SEMTA & DOT)	1,451
San Francisco (MUNI)	1,067
Oakland (ACTD)	909
Boston (MBTA)	1,378
Washington (WMATA)	1,517
Cleveland (RTA)	1,002
St. Louis (BSDA)	939
Pittsburgh (PAT)	1,502
Minneapolis St.-Paul (MTC)	1,426
Houston (MTA)	1,014
Baltimore (MTA)	1,247
Dallas (DTS)	999
Seattle (METRO)	1,128
Miami (MDC)	779
San Diego (SDTS	434
Atlanta (MARTA)	767
Kansas City (KCATA)	368
Denver (RTD)	852
San Jose (SCCTD)	739
New Orleans (RTA)	559
Portland, OR (TRI-MET)	701
San Antonio (VIA)	483

SECTION 15

Mr. **Lehman**. Last year you indicated that the only advisory committee to which you contributed was the section 15 reporting system advisory committee. Is that still the situation with respect to your Fiscal Year 1987 budget?

[The information follows:]

The Section 15 Reporting System Advisory Committee continues to be the only advisory committee we support. It is expected that that committee will terminate in fiscal year 1986.

ADVISORY COMMITTEES

Mr. **Lehman**. Would you provide for the record, the advisory committees to which you have contributed or will contribute funds in fiscal years 1986 and 1987, indicating the name and purpose of the committee and the amount of UMTA participation?

[The information follows:]

We do not anticipate having any advisory committees in fiscal year 1987. Our expenses in connection with the Section 15 Advisory Committee in fiscal year 1986 are approximately $35,000. The committee is advising us on how to improve the quality of the Section 15 Reporting System.

ADMINISTRATIVE EXPENSES

Mr. **Lehman**. Turn to administrative expenses. You are requesting $26.8 million, which is $1.91 million less than your fiscal year 1986 appropriation after sequestering and you indicate that this represents a reduction of 153 positions.

To what extent will your personnel reduction be accomplished by a reduction-in-force?

Mr. **Sander**. The extent to which a reduction-in-force would be necessary in fiscal year 1987 is a function of our employment level at the end of this fiscal year, Mr. Chairman.

What we are doing right now is using extremely prudent management in replacing vacancies. We have a one for four vacancy replacement rate where only critical jobs are being refilled. We anticipate that through prudent management this year we will be able to position ourselves to minimize the size of a RIF in fiscal year 1987.

Mr. **Lehman**. One in four means every four persons that volunteer to leave—you would hire only one person to replace them?

Mr. **Sander**. That is the average that we are working for, yes, sir.

EMPLOYMENT LEVEL

Mr. **Lehman**. You currently have 496 permanent positions. What is your present employment?

Mr. **Sander**. As of April 6th, we have 475 employees on board at UMTA.

Mr. **Lehman**. What is your estimated end-of-year employment for the current fiscal year?

[The information follows:]

For Fiscal Year 1986, we estimated our end-of-year employment figure to be 452 on-board employees.

GRAMM-RUDMAN

Mr. **Lehman**. Under Gramm-Rudman-Hollings your fiscal year 1986 appropriations for administrative expenses was reduced by $1.29 million. How do you intend to accomplish this reduction?

Mr. **Sander**. Principally in these ways: in personnel compensation and benefits a reduction of $679,000; in equipment a reduction of $350,000; in ADP costs about $200,000; and then the balance would be in other cost centers.

Mr. **Lehman**. Will the fiscal year 1986 Gramm-Rudman-Hollings reduction result in a furlough or reduction-in force?

Mr. **Sander**. Based on our current projections and through the prudent replacement strategy that I referred to earlier, we do not plan any furlough or reduction-in-force in fiscal year 1986.

Mr. **Lehman**. If your grant programs are frozen, at the fiscal year 1986 level, what staffing level and dollar amount would you need for fiscal year 1987?

Mr. **Dellibovi**. We would like to answer that question for the record. We believe that it would be lower than the current level because of the efficiencies that we are realizing on the new grants managment process and other improvements that we have been making.

[The information follows:]

If grant programs are frozen at the current Fiscal Year 1986 level, UMTA will require $32.421 million based on a staffing level of 455 FTE (or workyears). The funding level includes an increase of $655 thousand in rent as estimated by GSA, $750 thousand for relocation of about 10 personnel, $256 thousand for inflation, $653 thousand for within-grade pay raises and Merit Pay awards, and $310 thousand for the final purchase of Office Automation equipment (previously planned for FY 1986 but delayed to Gramm-Rudman reductions). These increases are partially offset by a decrease of $87 thousand for staffing adjustments and implementation of the new Financial Management System. Costs of involuntary separations of exployees will essentially be offset by the savings in salaries and benefits costs.

OTHER SERVICES

Mr. **Lehman**. On page 19, why are your other services estimated to increase by almost a million dollars in fiscal year 1986?

Mr. **Sander**. There are 11 items in that object class that I will have to supply for the record.

Mr. **Lehman**. Is this security stuff?

Mr. **Sander**. No, most of the major increases are in our ADP services.

[The information follows:]

As shown in the Budget, Other Services was projected to increase from $3,404 thousand in FY 1985 to $4,342 thousand in FY 1986. This would represent an increase of $938 thousand. Since the budget was submitted to Congress, $230 thousand of the $938 thousand increase has been redistrubuted to meet salaries and benefits costs. Of the remaining increase, $418 thousand is attributable to developmental costs of Phase I of the new Grants Management Information System and $290 thousand results from such items as increased payments to the Departmental Working Capital Fund, EEO investigations, grantee certification reviews, and office machine and personal computer repairs.

Mr. **Lehman**. You are requesting an increase of $2,192,000 for reduction-in-force costs. How many reductions-in-force is this amount based on?

[The information follows:]

The $2,192,000 amount for reduction-in-force (RIF) costs is based on both direct payments to employees including severence pay, unemployment compensation and terminal leave, and associated administrative costs to conduct the RIF process for a projected seventy-eight (78) employees.

Mr. LEHMAN. Since your primary workload item is awarding grants, would you update for the record the table on page 784 of last year's hearing record showing grants awarded for fiscal years 1981 through 1985 as well as your projections for fiscal years 1986 and 1987?

GRANTS AWARDED/PROJECTED FY 1981 - 1987

FISCAL YEAR	SEC. 3	SEC. 5	SEC. 9	SEC. 9A	SEC.16(B)(2)	SEC. 18	SEC. 8	INTERSTATE TRANSFER	FED AID URBAN SYSTEM	SEC. 6	SEC. 10	SEC. 11	SEC. 20	ALL OTHER GRANTS c/	TOTAL
1981	350	801	N/A	N/A	55	N/A	303	42	18	263	85	26	2a/	10	1955
1982	263	802	N/A	N/A	57	N/A	376	46	14	206	208	28	3a/	13	2016
1983	215	706	N/A	270	54	N/A	353	44	13	121	351	25	13b/	26	2191
1984	101	534	360	195	53	81	268	23	9	80	370	22	5	6	2107
1985	49	401	465	101	62	77	231	36	1	62	425	21	8	0	1939
1986 (Estimated)	50	200	600	100	60	60	250	30	10	85	350	25	27	0	1847
1987 (Estimated)	50	N/A	700	N/A	60	60	250	30	10	85	300	20	**	0	1565

a/ Human Resource grants that received Section 3 funding.

b/ Human Resource grants that were funded by Section 3 and 6.

c/ Includes grants for Interstate Transfer-Technical Studies, the Rail Passenger Service Act and for ConRail Pre-Transfer Allocation Assistance.

** Since the distribution of the funds for the research appropriation for FY 1987 has not been determined as of this date, no meaningful estimate fo UCR's FY 1987 grant-making activity can be made at this time.

ORGANIZATIONAL STRUCTURE

Mr. **LEHMAN**. Last year it was indicated that your reduced organizational structure would not have any field offices. Does your budget assume a continuation of your field offices in fiscal year 1987?

Mr. **DELLIBOVI**. It does. We have in the 1987 budget assumed that there would be a continuation of the field offices.

Mr. **LEHMAN**. A field office means a regional office.

Mr. **DELLIBOVI**. Yes, it does; a field office, a regional office. We use those terms interchangeably.

Mr. **LEHMAN**. Last year it was also indicated that you were redirecting your staff resources from pre-grant to post-grant management and were trying to get the states to assume a greater role in programming your grants.

To what extent has this happened and what impact has it had on your personnel requirements?

Mr. **MCMANUS**. It has been happening gradually. We generated a dialogue with the interest groups about this subject in the middle of the last calendar year, and just as a general answer, I think that we are getting more pilot cases of the regional administrators working with States to assume a greater programming role within the existing law. So far there is no way to estimate an impact on current personnel requirements, but if the States keep picking up a programming role, it would certainly facilitate the direction and the management of the personnel resources that Mr. Sander and Mr. DelliBovi were referring to.

REGIONAL OFFICES

Mr. **LEHMAN**. To what extent, if at all, would it be possible to reduce the staffing of your regional offices even if the current size and structure of grant programs are continued?

[The information follows:]

We believe that changes can still be made to our regional Offices. First, the current size and structure of our grant program will not remain the same in FY 1987. Under current legislation, the Section 5 program will be phased out by the end of FY 1986, resulting in a reduction in grant workload. Second, efforts will continually be directed toward streamlining grant delivery processes. Our office automation project and Grants Management Information System also will increase staff productivity. Finally, we will be reviewing a number of organizational options that may produce greater economies of scale and increased productivity. Overall, we still envision some staffing reductions through program, grant delivery, and administrative improvements.

GRANTS MANAGEMENT SYSTEM

Mr. **LEHMAN**. Last year it was indicated that your grants management system was in the software design stage. What is the current status of this system and when do you expect it to be in operation?

Mr. **SANDER**. The first phase of the grants management system is in its final stages of programming, and will, after thorough user testing, hopefully be in operation in the fall of 1986.

Mr. **LEHMAN**. What impact will this system have on your future grants management staffing requirements?

Mr. **Sander**. We have not made any formal determination of its impact on staffing. We do know that it will improve our capability and enhance our ability to track and manage the grant system.

Mr. **Lehman**. We were also told last year that you intended to increase the number of multi-functional work stations to 149. How many of these work stations do you currently have and what impact is this new office automation equipment having on your workload?

[The information follows:]

In FY 1985, we acquired 58 advanced workstations and 107 basic units. Twenty-one (21) of the advanced workstations are dedicated to running the local area networks (LANs). Another 11 are being used for the development of the Grants Management Information System. With the 53 units on hand at the beginning of FY 1985, we now have a total of 186 workstations that are being directly utilized in a productive capacity by UMTA employees. An additional 95 units will be acquired in FY 1986 giving us a ratio of approximately 2 workstations for every 3 employees.

The acquisition of these additional workstations has produced a significant increase in productivity. Most of the delays formerly experienced in generating correspondence and reports have been relieved due to the availability of equipment to the end user. The standardization of software packages has reduced duplication of data entry and facilitated the transfer of documents electronically. Also, the generation of spreadsheet and database applications on the microcomputer has provided managers the capability to access data at the local site in a fashion that was not feasible prior to the installation of the workstations. In addition, we have transferred certain applications formerly processed on the mainframe to the microcomputer. This transfer permits immediate access to data by the staff, much greater flexibility in data manipulation, retrieval, and report generation, and reduced time-sharing and telecommunication costs.

OFFICE OF THE ADMINISTRATOR

Mr. **Lehman**. The fiscal year 1986 Appropriations Act provided $650,000 for the office of the administrator. This amount was reduced by 4.3 percent, about $28,000, under the sequestration order.

How much have you obligated to date for this office?

[The information follows:]

As of March 31, 1986, a total of $309,985 has been obligated by the Office of the Administrator.

Mr. **Lehman**. Last year, there were nine positions under this office. Since you intend to reduce your total agency positions by more than 30 percent, do you intend to have a similar position reduction in the office of the administrator?

[The information follows:]

The Office of the Administrator will continue to have nine positions, comprised of the Administrator, Deputy Administrator, Executive Director, and their professional and secretarial staff. The current staffing level has been found to be appropriate to meet that office's heavy program demands and responsibilities. Since there is no expected change to that office's role and function, a reduction in staff currently is not planned. However, if the Agency as a whole will be reduced in size, then the Office of the Administrator will also be evaluated for possible downscaling.

Mr. **Lehman**. What does your fiscal year 1987 budget include for the office of the administrator?

[The information follows:]

Assuming that FY 1987 staffing in the Office of the Administrator is equivalent to FY 1986, $629 thousand will be required to fund salaries and other costs.

OFFICE OF THE ADMINISTRATOR STAFF

Mr. **Lehman**. Would you provide for the record the positions and salary levels for each of the employees currently assigned to the office of the administrator.

[The information follows:]

The positions and salary levels for each of the employees currently assigned to the Office of the Administrator are as follows:

Position	*Salary level*
Administrator	$73,600
Deputy Administrator	70,500
Executive Director	70,500
Executive Assistant to the Executive Director	52,262
Special Assistant to the Administrator	44,430
Staff Assistant	31,619
Special Assistant to the Deputy Administrator	31,619
Administrative Coordinator	28,011
Secretary (Typing)	21,714

CORRESPONDENCE HANDLING

Mr. **Lehman**. Last year it was indicated that your office of the executive secretariat had 15 positions and handled 3,055 pieces of correspondence in fiscal year 1984.

Would you indicate for the record the amount of correspondence handled by this office in fiscal year 1985 and the estimated amounts for fiscal years 1986 and 1987.

[The information follows:]

In fiscal year 1985 this office handled 2527 pieces of controlled correspondence. The projected number for fiscal year 1986 is 2300, and for fiscal year 1987 between 2300-2600 pieces of controlled correspondence.

OFFICE OF CHIEF COUNSEL

Mr. **Lehman**. Would you indicate for the record the number of positions assigned to your office of chief counsel, including the number of these who are attorneys?

[The information follows:]

The Office of the Chief Counsel is authorized twenty-two positions. Currently seventeen of those positions are filled. Of the seventeen positions currently filled, thirteen are attorney positions.

MAJOR LITIGATION

Mr. **Lehman**. What major litigation has your office of chief counsel been involved in during the past year and are you anticipating any significant changes in workload during fiscal year 1987?

[The information follows:]

Currently there are approximately 25 lawsuits involving UMTA or DOT or both which affect the urban mass transportation program. For your information, attached is a report on the status of each of these suits. Presently, there are three major categories of types of suits that UMTA is defending:

The first involves the defense of suits by elderly and handicapped persons who complain of the failure of various cities to make their mass transportation systems accessible to those persons. The most recent of these suits involve the transit systems in Cleveland and Philadelphia.

The second concerns labor protections. We have pending a number of suits involving rights available to transit unions and their members on a variety of collective bargaining issues. A recurring legal issue in these cases is whether subsection 13(c) of the UMT Act requires that interest arbitration be a prerequisite to the receipt of UMTA grant funds.

The third involves attempts to enjoin construction of mass transportation projects and facilities on environmental grounds. The most recent of these suits involve the transit systems in New York City, San Francisco, and Seattle.

Depending on what, if any, changes are made in the UMTA program there may be either a significant increase or decrease in the litigation caseload. We anticipate that two future developments are likely to result in significant new litigation: (1) the final regulations governing provision of mass transportation services to elderly and handicapped persons, which we expect to promulgate shortly, are likely to be challenged, either by organizations for the elderly and handicapped or by the transit industry, or both; and (2) should UMTA enter into a full funding agreement for construction of the Los Angeles subway project, that project is likely to be challenged on environmental grounds by neighborhood groups that oppose the project.

[CLERK'S NOTE.—The detailed report on litigation was provided to the Committee.]

SECTION 315 REPORT

Mr. LEHMAN. Has your policy office completed the section 315 report (feasibility of using long-term Federal financial commitments to leverage private funds), which last year was more than 20 months overdue? If so, what did you conclude?

[The information follows:]

The section 315 report was transmitted to Congress on November 22, 1985. The report found that there was considerable potential for leveraging financing sources for major capital investments, using existing Federal, state and local mechanisms. Federal commitments under sections 3 and 9 would not in and of themselves be sufficient security for a long term debt issue. However, these sources could be combined in an overall financial plan using other sources, many of which are described in the report, into a package that would be able to secure debt.

POLICY RECOMMENDATIONS

Mr. LEHMAN. Has this office made any useful policy recommendations during the past year? If so, would you tell us about them.

[The information follows:]

The most important activity of the Office this past year was the development of the UMTA legislative proposal and associated supporting material. Within the past year, the Office of Policy has also completed research and developed policies on a number of critical issues.

(1) In October, the Office of Policy completed the Dulles Corridor Rapid Transit Development Feasibility Report. This report has been an important element in our policy initiative to encourage public/private partnerships in the provision of capital infrastructure for transit.

(2) The congressionally mandated section 310 report on the performance and condition of the transit industry was developed by the staff of the Office of Policy during the year. It is currently being reviewed within UMTA. It will provide the background for policy recommendations in a number of areas.

(3) The Rail Modernization Study, currently being reviewed, also provides the background research to support policy making in this area. UMTA is currently developing a rail modernization policy to reflect the findings of the study.

(4) The Office of Policy has also completed studies of overcapitalization in bus fleets and is reviewing approaches to resolve this problem.

Other activities include developing reduced reporting requirements for private operators, bus safety requirements, implementing travel controls that have sharply reduced UMTA travel expenditures, monitoring developments in transit labor, especially with respect to section 13(c), and providing analyses of new start projects and proposals.

PROGRAM EVALUATIONS

Mr. LEHMAN. Last year it was indicated that your office of budget and policy was conducting two program evaluations.

Would you provide a brief summary of the conclusions of these evaluations.

[The information follows:]

The study of the impact of the University Research Program on Historically Black Colleges and Universities (HBCU) concentrated on those HBCU which received UMTA grant over the five year period from 1978 to 1982. Some of the findings of the study were:

1. The majority of the HBCU's have developed working relationships with the transportation providers and with the governmental and civic entities in the area.
2. No single strategy will have a significant lasting effect on increasing the participation and contribution of HBCU in the area of research and training.

The Assessment of the Service and Management Demonstration (SMD) Program provided the following findings:

(1) The unavailability of funds to continue demonstrated concepts at the local level was the reason given mostly as limiting the adoption of innovative services and methods of Aviation after the Federal R&D funds have ended.

(2) Representatives of the transit industry have indicated that under the SMD program the areas of greatest interest are fare and pricing policies, paratransit, evaluation and information dissemination. Representatives of the transit industry have indicated that under the Transportation Management program, operations and maintenance, and transportation marketing are of greatest interest.

CURRENT EVALUATIONS

Mr. LEHMAN. Would you also indicate for the record any program evaluations which this office is currently conducting?

[The information follows:]

This office is currently conducting an evaluation of the section 10, Managerial Training Program.

FINANCIAL MANAGEMENT SYSTEMS

Mr. LEHMAN. In the past it has been indicated that your office of financial management is responsible for monitoring of obligations.

UMTA has traditionally been the last agency in the Department to produce its end of month unobligated balances.

Why is this and is it possible, with your new financial management system that there might be some improvement in this area?

Mr. BUTLER. Mr. Chairman, the financial management system achieved currency at the end of February 1986, and monthly reports for administrative and program funds are being produced in a timely manner.

The month-end reports on unobligated balances will now be provided within the specified timeframes. It should be noted that our financial management office, using the new financial management system, closed our fiscal year 1985 year in a timely manner. There were agencies in the Department that did not.

In March 1986 we also provided Congress with unobligated balances by UZA, and State, and expect to do so again in November after fiscal year 1986 is closed.

CIVIL RIGHTS OFFICE

Mr. LEHMAN. What was the most significant accomplishment of your office of civil rights during the past year?

[The information follows:]

The most significant accomplishment in the area of civil rights during the past year was the achievement of well over the 10 percent participation in the Urban

Mass Transportation Administration (UMTA) funded contracting with small business concerns owned and controlled by socially and economically disadvantaged persons.

In Fiscal Year (FY) 1985, preliminary statistics show that 497 recipients met program thresholds and were subject to the requirements of the Department of Transportation Minority Business Enterprise regulation. These recipients awarded $248.5 million to disadvantaged business enterprises (DBEs), which represented 14.1 percent of the total $1.8 billion in contracting opportunities. Another $54.6 million, or 3.1 percent, went to women business enterprises (WBEs).

The FY 1985 rate of DBE participation shows that UMTA grant recipients have continued to exceed the 10 percent requirement of Section 105(f).

UMTA's direct procurement program was equally successful in FY 1985. Approximately $3 million in goods and services was purchased from 8(a) firms and $1.2 million from WBEs. Of the total UMTA purchases and procurements, 8(a) participation represented 31.8 percent and WBE participation represented 12.4 percent.

RESEARCH AND DEVELOPMENT

Mr. **Lehman**. Your funding levels for your research and development program have been significantly reduced over the past three years. To what extent has this decreased funding for research reduced the staff requirements for your office of technical assistance?

Mr. **Dellibovi**. The staffing has been reduced through attrition in that office; it was approximately 85 positions, I believe, two years ago. Now it is down to around 70 positions. We continue to look at that program and re-evaluate it. In an attempt to give the subcommittee some sense of direction, we anticipate continued reductions in our research staffing levels in the future.

Mr. **Gimmler**. I might just add that it is clear to me that there will be a further reduction in the staffing in our research office; I currently have a task force to review my organization and staffing levels. I will prepare a report for the Administrator later this fiscal year.

Mr. **Lehman**. Last year you stated that you were looking at various organizational changes which would improve the function and reporting responsibilities of your technical assistance function.

What were the results of this review and what changes have you made regarding the organizational responsibilities of this office?

Mr. **Dellibovi**. I would say the review is still underway. The major portion of the review is the implementation of the lead program initiative under Mr. Gimmler. That initiative basically gives the research program some direction for the first time in its history. The lead program initiative will develop some purposes and themes, and it will be related to an overall program direction.

That will enable us to make some staffing decisions. As I said earlier, in the interim we have been letting attrition take its toll in the Research office and, also, encouraging some of the expertise that we have developed there to move to other places.

Some of the engineers there, for instance, have decided to transfer into regional offices. We have encouraged that kind of an effort because we found we could use their expertise in the field better than we can use it in a headquarters setting.

Mr. **Lehman**. How many people do you have working in R&D, right here in Washington in the DOT building?

Mr. **Dellibovi**. In UMTA, it is seventy; in the rest of the modes, Mr. Chairman, I do not know.

Mr. **Lehman**. I understand; I meant in UMTA. I would like to come over and see that department some time.

Mr. **Dellibovi**. We would love to have you.

GRANTS MANAGEMENT OFFICE

Mr. **Lehman**. Would you indicate for the record the number of grants approved by your grants management office for fiscal years 1981 through 1985, and the estimates for 1986 and 1987.

[The information follows:]

GRANTS AWARDED/PROJECTED FY 1981–87

Fiscal year	Sec. 3	Sec. 5	Sec. 9	Sec. 9A	Sec 16(b)(2)	Sec. 18	Sec. 8	Inter-state transfer	Fed. aid urban system	Total
1981	350	801	NA	NA	55	NA	303	42	18	1,569
1982	263	802	NA	NA	57	NA	376	46	14	1,558
1983	215	706	NA	270	54	NA	353	44	13	1,655
1984	101	534	360	195	53	81	268	23	9	1,624
1985	49	401	465	101	62	77	231	36	1	1,423
1986 (est.)	50	200	600	100	60	60	250	30	10	1,360
1987 (est.)	50	NA	700	NA	60	60	250	30	10	1,160

PERSONNEL STAFFING

Mr. **Lehman**. Would you update for the record the table on page 795 of last year's hearing record showing authorized and on board full-time permanent staff by office for fiscal year 1986, and what your budget assumes with regard to fiscal year 1987.

[The information follows:]

UMTA AUTHORIZED/ON BOARD FULL-TIME PERMANENT FISCAL YEAR 1986

	Authorized Positions Fiscal Year 1986	On Board Fiscal Year 1986 (4/13/86)
Office of the Administrator	9	9
Office of the Executive Secretariat	17	13
Office of Public Affairs	6	6
Office of the Chief Counsel	21	17
Office of the Associate Administrator for Budget and Policy	34	33
Office of Financial Management	36	33
Office of Civil Rights	18	18
Office of Administration	53	52
Office of the Associate Administrator for Technical Assistance	74	71
Office of the Associate Administrator for Grants Management	52	48
Subtotal	320	300
Regional Offices	176	155
Total	496	455

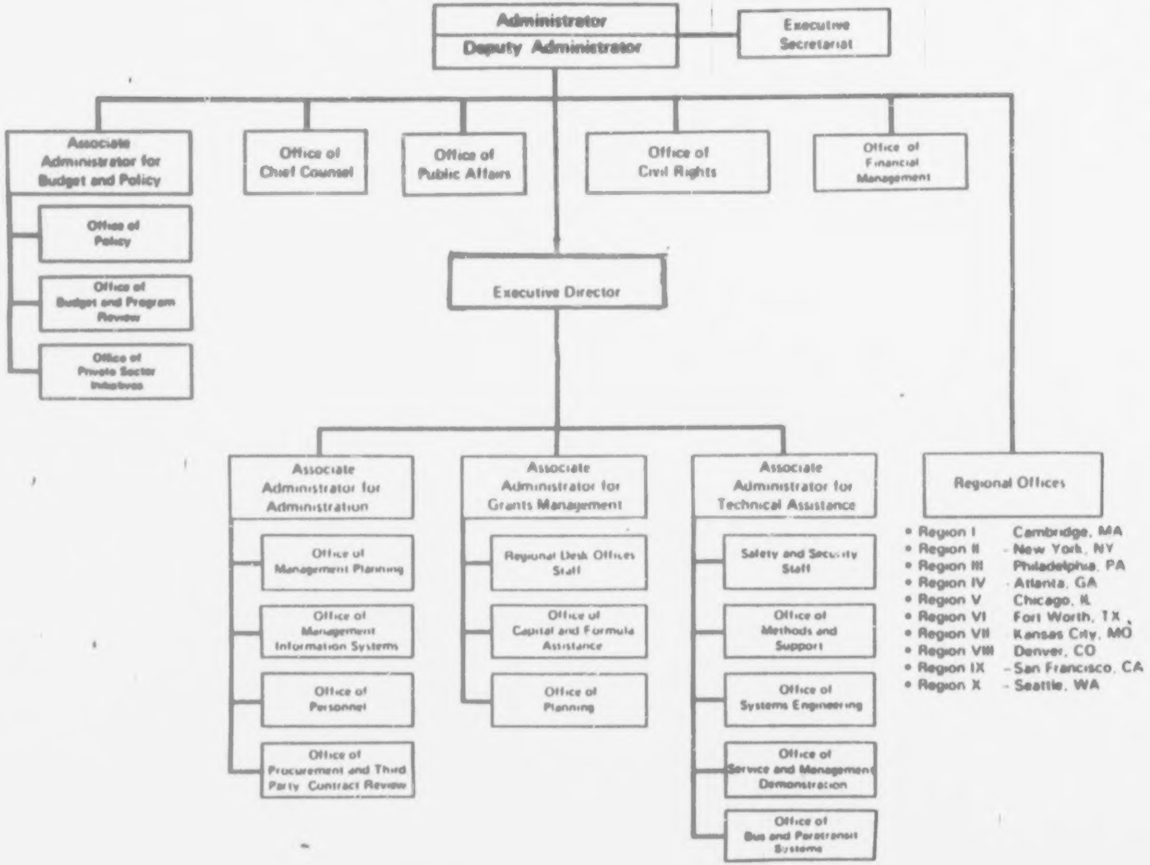
Note: Total authorized positions for fiscal year 1987 is 343. A breakdown of positions by individual office has not yet been determined.

ORGANIZATIONAL CHART

Mr. **Lehman**. Would you also insert an organizational chart in the record.

[The information follows:]

Urban Mass Transportation Administration


Administrator
Deputy Administrator
Executive Secretariat
Associate Administrator for Budget and Policy
Office of Policy
Office of Budget and Program Review
Office of Private Sector Initiatives
Office of Chief Counsel
Office of Public Affairs
Office of Civil Rights
Office of Financial Management
Executive Director
Associate Administrator for Administration
Office of Management Planning
Office of Management Information Systems
Office of Personnel
Office of Procurement and Third Party Contract Review
Associate Administrator for Grants Management
Regional Desk Offices Staff
Office of Capital and Formula Assistance
Office of Planning
Associate Administrator for Technical Assistance
Safety and Security Staff
Office of Methods and Support
Office of Systems Engineering
Office of Service and Management Demonstration
Office of Bus and Paratransit Systems
Regional Offices
• Region I Cambridge, MA
• Region II - New York, NY
• Region III Philadelphia, PA
• Region IV - Atlanta, GA
• Region V Chicago, IL
• Region VI Fort Worth, TX
• Region VII Kansas City, MO
• Region VIII Denver, CO
• Region IX - San Francisco, CA
• Region X - Seattle, WA

RESEARCH, TRAINING AND HUMAN RESOURCES

Mr. **LEHMAN**. Mr. Coughlin, do you want to ask some Research, Training and Human Resources questions?

Mr. **COUGHLIN**. Certainly, Mr. Chairman. According to page 23 your total remaining available obligational authority (after transfers and sequestration) for your research program in fiscal year 1986 is $29,281,000.

How much of this amount has actually been obligated?

Mr. **BUTLER**. Mr. Coughlin, to this point $8.143 million has been obligated.

Mr. **COUGHLIN**. According to page 23, of the $50,981,000 unobligated as of September 30, 1985, $39,100,000 was transferred to other accounts, leaving a balance of $11,881,000.

Would you provide for the record a breakdown of this amount by activity, and also, indicate how your $17,400,000 fiscal year 1986 appropriation was distributed among your various activities.

[The information follows:]

The $11,881,000 unobligated as of the end of FY 1985 has been carried over into FY 1986. Of that amount $8,143,347 has been obligated (as of March 31, 1986) as follows:

Bus and Paratransit	$102,155
Rail and Construction	1,775,053
Section 15	745,000
Planning Methods and Support	500,000
Service and Methods	3,010,288
Transit Management	172,028
Section 10	71,361
Section 11	809,518
Section 20	180,000
Policy Development	777,944
Total	8,143,347

The remaining funds are programmed to support second-half Fiscal Year 1986 activities.

The $17.4 million FY 1986 appropriation was added to a $53.5 million carryover including deobligations from FY 1985 to equal $70.9 million. From this $39.1 million was transferred to other agencies, leaving $31.8 million available for FY 1986. The following shows the distribution of the $31.8 million:

	Millions
Section 6	$24.3
Section 20	5.0
Sections 10 and 11	2.5
Total	31.8

FY 1985 OBLIGATIONS

Mr. **COUGHLIN**. Last year we were told that you intended to obligate nearly $50 million for your research program in fiscal year 1985. However, you actually obligated less than one-half of that amount, $24,152,000.

Was this the result of program slippages or was this an intentional decision not to obligate these funds?

Mr. **GIMMLER**. I would like to confess that that was a deliberate action, but not as implied by your question, Mr. Coughlin.

We did focus our resources on the program redirection I have described. In the process, we did not maintain, nor did we rush our pace of obligation. We now are recommending a program that will challenge all of us. Our current level of obligations is quite satisfactory in terms of the straight-line. We plan to obligate it all by the end of the fiscal year.

Mr. COUGHLIN. Do you expect to have any carryover research, training, and human resources funds at the end of the current fiscal year?

Mr. GIMMLER. There may be some. We do not plan on any, but it is too early in the program implementation to tell exactly.

Mr. COUGHLIN. As we discussed earlier, your research and development funding has been reduced significantly in recent years. In fiscal year 1983, you obligated nearly $60 million and for fiscal year 1987 you are requesting less than $20 million.

How has UMTA's role in transit research changed as a result of this funding reduction and what future role, if any, do you see for UMTA in this area?

Mr. GIMMLER. I think we will continue to emphasize primarily information collection and dissemination. We intend to work very closely with the Office of Policy, the Chief Counsel, with Mr. McManus' Office of Grants Management to support the regulatory, the policy and the operating activities of the administration.

We will also make adjustments in the way that we conduct our training programs. We hope to use electronic communications to more effectively disseminate information at less cost.

We will more closely coordinate our section 6 activities with other associated UMTA programs including sections 3(a)(1)(C), 4(i), 20, 8, 3, and 9 and 18.

And we will also seek the reduction, if not elimination, of activities that are generally more costly. When we demonstrate operations, the costs are high. When we undertake technology development, the engineering costs are high. We will do less of those activities.

PROGRAM EMPHASIS

Mr. COUGHLIN. What program areas or activities do you intend to emphasize during the next three or four years?

[The information follows:]

The Office of Technical Assistance will emphasize the four Lead Programs of Safety and Security, Competition and Local Involvement, Financial Reform and New Transit Policy Trends. Within each of these Lead Programs is one or more units. The program units serve as the management framework to set project goals, allocate resources and measure accomplishments. Each program unit will include a coherent set of projects, designed to serve the Lead Program Initiative and support the UMTA mission as follows:

o SAFETY AND SECURITY

The Passenger Protection program unit will continue to implement the Secretary's Department-wide emphasis on safety and security in transportation.

Through information sharing and dissemination, the program unit will increase the sensitivity of transit agencies to safety and security issues and problems. By means of techniques, demonstrations, development of guidelines and training, this Program Unit will examine emergency preparedness and evacuation, coordination of safety and security incident responses and improved communication and surveillance.

o COMPETITION AND LOCAL INVOLVEMENT

The Privatization program unit includes research, demonstration and information dissemination projects that will encourage and show the beneficial involvement of the private sector in transit operations, maintenance and administrative functions. Innovative arrangements with the private sector that reduce costs and introduce operational efficiencies emphasizing competitively awarded contracts will be identified and disseminated throughout the industry. Examples of privatization activities to be explored include: innovative financing techniques, innovative institutional arrangements such as fully competitive transportation services in an urban area, demonstrations of competitively awarded contracts for transit services, development of private sector coordinators, development of transportation management organizations by the private sector, formulation of contracts for support services and maintenance functions and providing private services for elderly and handicapped persons.

The Revenue Maximization program unit includes improvements in fare management procedures and techniques, optimization of fare structures and policies, and development of guidelines to ensure accountability for revenues collected.

The Managing Productivity program unit identifies personnel practices, procedures, and tools that support employee and management initiatives to achieve cost reduction and productivity increases. In collaboration with management and labor, efforts will be directed to identify projects that improve the recruitment, selection, evaluation and retention of transit personnel.

The Methanol and Energy program unit will focus on generic problems and identify areas of opportunity for participation by the private sector in the development of equipment and techniques aimed at reducing rising energy bills and meeting more stringent emission standards. Such equipment and techniques will be evaluated for national application. Areas of consideration include methanol fuel, high efficiency propulsion, control and distribution systems, emissions control and energy conservation strategies.

o FINANCIAL REFORM

The Financing Value program unit involves the development and dissemination of procedures, techniques and guidelines for UMTA to maximize the value received from each dollar expended on new and improved federally-funded transit facilities and equipment. The program unit includes a broad range of analysis and evaluation activities to assist localities in the reduction of both the local and Federal share of transit capital and operating expenditures. Innovative financing mechanisms will be studied to encourage and increase private participation. Activities will include the development of guidelines on innovative financing techniques, value capture, joint development concepts and construction management approaches that are being used in the private marketplace.

The Protecting Investment program unit's singular objective is to assure that the expected useful life of equipment and facilities purchased with Federal assistance will be realized at lowest cost of ownership. Projects have been designed to identify best industry practices in the maintenance and repair of capital facilities and equipments. Activities will include the development and demonstration of improved techniques for planning and budgeting of maintenance and repairs and the scheduling of maintenance work and personnel.

o NEW TRANSIT POLICY TRENDS

The National Leadership program unit provides for information collection and analysis that is an important foundation for development of public policy. The unit encompasses the determination of what information is required, the actual collection of such information, analysis of data and development of mechanisms to share this with the industry and affected markets.

COLD WEATHER TRANSIT

Mr. Coughlin. The conference agreement on the Continuing Resolution specifically identified three projects under your research appropriation. What is the status of each of these?

Mr. Gimmler. Yes. The cold weather transit technology program is the first. UMTA intends to expend the funds for that program, to do so through open competition, and to comply with the Congressional guidance. We have asked the Transportation Systems Center to evaluate the Coldweather Transit Technology (CWTT) program, and report on the applicability of technology to transit's cold weather problems.

Based on the results of that study we will secure a contractor to work toward providing cost-effective technological solutions.

I should point out that that report will both assess the previous program and make recommendations with respect to future activities in the cold weather area.

The second project is the Michigan DOT State Technical assistance model. We met February 21st, with John Kaiser and Carol Norris from the Michigan DOT. They have advised us that they will submit an application for the project, and we will look forward to receiving that application. We do not have an application in hand at this time. I might point out that that discussion was a rather thorough and extensive discussion. The final project is the Norristown, Pennsylvania integrated transportation center. At the time of the earmark, SEPTA had a section 3 application for something over $5 million pending in UMTA's Region 3 office. A section 3 grant award for that project and amount was made to SEPTA in January of this year.

AGRT

Mr. Coughlin. Last year it was stated that you expected to recover funds from the Otis Corporation as a result of the termination of the AGRT program.

Is this $536,000 shown on page 23 a recovery of those funds? If so, what did you do with the funds, and, if not, what is the status of the Otis contract?

Mr. Gimmler. No funds were recovered during FY 1985 from the Otis Company as a result of the contract termination any funds recovered in FY 1986 will be added to total funding available for research training and human resources where the funds will be used for the lead programs.

Mr. Coughlin. Have you made any recoveries during fiscal year 1986 or are any anticipated?

[The information follows:]

As part of the AGRT termination agreement, Otis paid UMTA $900,000 in refunds and damages. This amount was returned to UFM and put into the General Fund. Closeout procedure began in December, 1984 just after the termination, and are not yet complete. Disposition of remaining real and personal property is in the hands of GSA.

As of March 31, 1986, $338,959 has been recovered in the Research, Training, and Human Resources account, Treasury Symbol 69X1121.

TOTAL R&D OBLIGATIONS BY ACTIVITY

Mr. COUGHLIN. Would you update for the record the table included on pages 803 and 804 of last year's hearing record showing total obligations through fiscal year 1985 and estimates for fiscal year 1986 and 1987 for each of your 13 sub-activities?

[The information follows:]

RESEARCH, TRAINING, AND HUMAN RESOURCES
COMPARATIVE SUMMARY OF OBLIGATIONS
(in thousands of dollars)

	Fiscal year 1985 and prior actual	Fiscal year 1986 estimate	Fiscal year 1987 estimate
A. Bus and paratransit (section 6)	$109,490	(1)	...
B. Rail and construction (section 6)	201,425	(1)	...
C. New technology (section 6)	235,099	(1)	...
D. Service and methods (section 6)	161,642	(1)	...
E. Planning methods (section 6)	48,302	(1)	...
F. Transportation management (section 6)	31,057	(1)	...
G. Statistics, information services and NCTRP (section 6)	35,483	(1)	...
H. Safety and security (section 6)	18,839	(1)	...
I. Budget and policy (section 6)	21,937	(1)	...
J. Civil rights (section 6)	1,669	(1)	...
Subtotal, section 6	864,943	21,710	...
K Management training (section 10)	9,901	879	...
L. University research (section 11a)	36,380	1,562	...
M. Human resources (section 20)	3,619	4,882	...
Research, training and human resources total	$914,843	$29,033	$19,500 (2)

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(1) These figures are not available at this time.
(2) In FY 1987, it is proposed that funds from the Mass Transit Account of the Highway Trust Fund be made available to finance this program. A decision has not yet been made on the funding split by section.

RESEARCH ACCOMPLISHMENTS

Mr. COUGHLIN. What has been the most significant accomplishment of your research and development program during the past year, and over the past three years?

Mr. GIMMLER. The restructuring of the program is clearly number one in my judgment, and I and my staff are quite pleased with the results of that extensive effort.

I think we have done some good work in the past year on the Federal City Council study and in Washington Metro's financing, supporting the administrator, and establishment of a prototype for financial analysis for major projects around the country.

We have taken resources that were available in the past and have applied them to the new initiatives of competition and financial reform, and will continue to do that.

I would like to point to an insurance study that we did as a good example of a quick reaction, information collection and analysis activity that supported policies with regard to insurance, and lead all the way up to the President's proposed legislation with regard to caps on liability claims and judgments.

We have done a good job on the Detroit construction review, establishing patterns for the future of UMTA oversight of major construction projects to assure quality and safety.

PRODUCTS OF R&D PROGRAM

Mr. COUGHLIN. Would you indicate for the record some of the recent products of your research and development which are currently in daily use in transit systems throughout the country.

[The information follows:]

Some of the recent products of our research and development program include:

- --successful retrofit of more easily maintainable brakes on 50 Rohr rail cars
- --development of guideline specifications for purchase of light and rapid railcars now being used by New York City Transit Authority, Dade County Transit, Metropolitan Boston Transit.
- --recommended fire safety practices for materials used in rail/transit vehicles are being used by all rail operators. These practices are also used by bus operators when developing specifications for seating materials.
- --published a report which was the result of a study of evacuation and rescue of elderly and disabled passengers on paratransit vehicles and buses. This study is used extensively by transit operators and social service agencies.
- --developed bus operator training now being used by 300 transit agencies.
- --Urban Transportation Planning System software package has been used in virtually all alternatives analysis studies in support of major capital projects.
- --developed slide thru fare collection card pass reader for rapid rail which is now in use or being implemented at CTA, SEPTA and MBTA
- --Subway Environmental Simulation Handbook and Computer Model now being used in every rail transit for design of tunnel ventilation systems.
- --Pre-cast concrete tunnel liners to form final wall of underground tunnels for rapid transit. Handbook of Urban Rail Noise and Vibration Control is being used by communities in planning, designing, and building new rail transit systems or modernizing existing rail transit systems.
- --the new Austrian Tunnelling Method was successfully demonstrated in Pittsburgh and Washington DC
- --issued practices for detecting and measuring levels of inductive, radiated and conductive electromagnetic interference which has saved rail transit authorities over $50 million.
- --developed Energy Management Guidelines which has saved about $10 million per year for 5 transit authorities.
- --Section 15 data "The Uniform System of Accounts and Records" is used continually by transit authorities to evaluate their service and operating expenditures and to identify problems for management intervention.

DATA COLLECTION

Mr. **Stanley**. Mr. Coughlin, what I would like to do is, as Franz said, to come over and brief the committee and the staff on the redirection of the program in full.

Mr. **Gimmler**. I welcome that.

Mr. **Stanley**. We will do that.

Mr. **Gimmler**. I was going to answer a later question in that regard but I do have a presentation I would be happy to make to you.

Mr. **Coughlin**. Last year it was stated that the most important product of your technical assistance program was information.

Can you tell us what kinds of information you are providing to transit authorities and the extent to which and how this information is being used by these transit agencies?

Mr. **Gimmler**. I would like to submit a more substantial answer to this question for the record, Congressman Coughlin. Strong efforts are being made to expand the kind of timely information activities exemplified by the recent insurance study which I mentioned.

While we continue to support basic data collection such as section 15, we will do more case studies, collecting information on new and improved approaches, particularly those of the private sector. The results of these case studies, including exemplary statutes policies and procedures, will be made available to the industry for use in their decision-making.

[The information follows:]

The Technical Assistance program, with the support of Section 6 funds, both generates and disseminates four basic kinds of informations; (1) Information assessing the outcome of demonstrations of new innovative techniques (e.g., for managment, planning, operations and maintenance), new types of transit service (e.g., privately run specialized van service) and new facilities/equipment (e.g., priority bus lanes, a/c propulsion motors); (2) Documentation describing, in detail, new innovative methods, services, equipment etc., demonstrated both under the aegis of UMTA and elsewhere; (3) Manuals of best professional practice in host of areas ranging from equipment selection and maintenance management to financial planning; and (4) Compendiums of national data (e.g., Section 15) which can be used for operations, management and planning analysis.

This infomation is disseminated in three basic ways: (a) via printed madia; (b) through an extensive training program; and (c) by direct, one-on-one contact.

This information is extensively used by local and state government officials and transit managers to improve the efficiency and effectiveness of tansit operations under their control and to maximize the payoff from limited capital resources.

Examples of the success of the information generated and disseminated by the UMTA technical assistance program; (1) virtually every major urban area in the United States is either planning or has actually implemented a high occupancy vehicle priority facility. This concept was initially demonstrated under the UMTA technical assistance program and planning guidelines generated from it are in use by transit planners throughout the country; (2) every rail transit operator in the Nation makes use of the widely distributed document entitled "Roster of North America Rail Cars" in development specifications for cars and related equipment; (3) the National Technical Information Service (NTIS) has distrubuted on request, literally thousands of copies of the "Characteristics of Urban Transportation Systems" Characteristics of Urban Transportation Demand" data compendiums. These resources are a rich resource of transportation cost, performance and demand data and are a must of any type of planning and mangement analysis; (4) the Urban Transportation Planning System (UTPS), developed by UMTA, continue to be the most widely utilized urban transportation system's analysis computer software package in the world (over 300 installations). This utilization, with resultant huge savings in capital and operating expenditures was and is fostered by an extensive training program as well as by he extensive distribution of software documentation and related manuals of best professional practice; (5) in the last several years, both because of economic conditions and because of problems with new equipment, the number of transit operators undertaking bus rehabilitation programs has mushroomed. Virtually every transit operator undertaking such a program has made extensive use of the "Bus Rehabilitation Guidelines" developed and distibuted by the UMTA technical assistance program.

LEAD PROGRAMS

Mr. COUGHLIN. On page 29, you refer to the restructuring of your section 6 technical assistance program and you refer to four lead programs: safety and security, minimization of Federal presence, financial reform, and national leadership.

Would you elaborate on your program goals for each of these program areas?

[The information follows:]

We have restructured the entire program in the Office of Technical Assistance into four major areas:

1. Safety and Security; 2. Competition and Local Involvement; 3. Financial Reform; and 4. New Transit Policy Trends. This restructure is responsible to the changing nature of the urban mass transportation industry (both public and private), the Federal budget realities of the 1980's and the goals of the Reagan Administration. The goals of each Lead Program are as follows:

1. *Safety and Security.*—To support transit safety programs with an emphasis on passenger protection.

2. *Competition and Local Involvement.*—Emphasis on developing incentives for competition and privatization along with developing a business approach to transit management.

3. *Financial Reform.*—Emphasis will be on protecting and enhancing the Federal investment in transit.

4. *New Transit Policy Trends.*—Emphasis on development of proper and sufficient data and information for transportation policy decision makers.

SECTION 6 OBLIGATIONS

Mr. COUGHLIN. What are your projected fiscal year 1986 and 1987 obligations for your section 6 program and how much do you intend to obligate in each of these four lead program areas?

[The information follows:]

Our total projected budget for FY 1986-87 is $51,300,000. We have just completed a restructuring of the Office of Technical Assistance into 4 lead programs. We are just in the final stages of determining the final distribution of the available funding.

NATIONAL COOPERATIVE TRANSIT RESEARCH

Mr. COUGHLIN. In the past we have discussed your national cooperative transit research program. Do you intend to continue this program in fiscal year 1987 and what have been the major accomplishments of this program to date?

Mr. GIMMLER. We do intend to continue the program. It is currently under review, in terms of priority needs of the transit community consonant with Federal policy objectives. We have initiated 37 projects. We have published over 19 reports. We have approved five projects for 1986, for a total of $745,000.

SMD PROGRAM

Mr. **Coughlin.** Last year you were unclear as to the future of your service and methods demonstration (SMD) program. What is the current status of this program?

Mr. **Gimmler.** With the advent of the lead programs, the SMD program has lost its identify as such. We will see elements of the traditional SMD program appearing in the Revenue Maximization program unit. We will also see it in the privatization program unit, and in other appropriate lead program activities.

Mr. **Coughlin.** It was also stated last year, that you had a number of SMD projects to develop or demonstrate private sector participation in cities such as San Diego, Denver and Huntsville. What were the results of these projects?

Mr. **Gimmler.** We learned a number of things. We learned that privately provided service is less costly. The service can be more readily responsive to public needs. and the demonstrations, we think, have shown that the private/public sector can work together constructively. The service is also more market oriented we find, when it is provided by the private sector.

The demonstrated service is being continued, in these cases with local funds.

DIAL-A-RIDE

Mr. **Coughlin.** Would you indicate for the record the results of your $2.8 million Orange County, California dial-a-ride project and your $1.1 million national ridesharing demonstration program.

[The information follows:]

The Orange County, California dial-a-ride project was designed to demonstrate the use of an automated system for dispatching dial-a-ride vehicles. The system provides dial-a-ride service through private contractors in an area of approximately 350 square miles and makes use of 100 vehicles. Dispatching is now done by Orange County Transit District employees at one central location. Service problems have decreased because of dispatching staff continuity. The automated system has been more expensive to operate than a manually dispatched service in part because District employees are paid more than contractor staff but vehicle trip mileage has decreased by virtue of more efficient routing. The "electronic map" aspect of the system is also being used for the county's ridesharing program and is facilitating supervision of OCTD's fixed route system. The project has also led to OCTD's developing a number of software packages to improve the efficiency of driver picks, maintenance scheduling and route planning.

The National Rideshare Demonstration Program, which included Urban Mass Transportation Administration support, was headed up by the Federal Highway Administration. A total of 65 local projects have been supported by the program to advance the state-of-the practice in ridesharing by testing innovative approaches to marketing, employer involvement, management and incentives/distincentives. Regional workshops and expert technical assistance plus production of national promotional material have been undertaken. Four National Ridesharing conferences have been conducted and a National Ridesharing Information Center established to facilitate the exchange of information. A model ridesharing law was drafted that state legislatures can use as a guide for changing state laws that unreasonably restrict ride-sharing arrangements. At least 35 states have passed legislation based on it. A Loaned Executive Program was developed to provide assistance to employers and public agencies to expand their ride-sharing program.

SMD PROJECT LISTING

Mr. **Coughlin.** Would you also provide for the record a listing of the SMD projects which will be completed during the next 12 months, including the cost, objective and scheduled completion date for each.

[The information follows:]

PROJECTS TO BE COMPLETED IN NEXT 12 MONTHS

GRANTEE	COST	DATE OF COMPLETION
Tahoe Tomorrow Foundation Study to determine feasibility of Private Sector operation of high quality bus service in Lake Tahoe	$ 59,000	12/31/86
Genesee Transportation Council Development of Neighborhood-based Transportation Management Organizations	63,000	3/13/87
University of Pennsylvania Study of Economic and Institutional considerations of contracting a portion of peak period of services to the private sector	99,994	3/1/87
Port Authority of Allegheny County Objective: Develop and complement a computerized telephone bus schedule information system that can tell a caller when the next two buses will be arriving at bus stop. It is designed to minimize waiting times and increase ridership.	627,000	6/1/87
Rural America, Inc. This project provides an information dissemination mechanism to disseminate to rural transportation officials and operators vital information concerning innovative transportation concepts and developments.	100,000	10/86
Ecosometrics, Inc. This project will assess the development of innovative rural transportation projects and evaluate such projects deemed transferable throughout the rural community. This project will also develop a system of reporting requirements and performance indicators to enable various small and rural transportation providers a mechanism to assess their potential and efficiency.	100,000	12/86
State of Idaho Transportation Department This project develops on-site marketing skills for rural and small city transportation operators in the State of Idaho. In addition this demonstration is also exploring local transportation problems and designing cost effective alternative marketing solutions.	85,000	12/86

GRANTEE	COST	DATE OF COMPLETION
State of Montana, Department of Commerce This project is developing an inventory format to identify each rural and small urban transportation managers skills and interests and a peer group matching program to allow the State to direct individual managers to assist other providers in areas where management deficiencies exist.	$ 63,000	3/87
Arkansas State Highway and Transportation Department This project will test the effectiveness of marketing techniques on increasing transit ridership in small urban cities such as Arkadelphia, Bento and Malvern, Arkansas.	150,000	6/86
City of Eugene, Oregon This parking/pricing demonstration project is designed to test the utilization of on-street parking strategies, including the restriction of free long-term parking from the central business district.	293,000	5/86
Orange County, California This project was designed to demonstrate the use of an automated system for dispatching dial-a-ride vehicles.	2,715,111	9/30/86
San Diego Transit Corporation Development of taxi feeder service from low density areas to fixed route bus service.	640,000	12/1/86
Bridgeport Transit District Demonstration of innercity paratransit service.	360,000	6/1/86
Mid Ohio Regional Planning Commission Demonstration of taxi feeder service in two low density areas to fixed route bus service.	225,000	10/1/86

GRANTEE	COST	DATE OF COMPLETION
Queen City Metro Development of planning for private sector suburban paratransit service in Blue Ash area.	$ 50,000	10/1/86
Ecosometrics, Inc. Transit Pricing Resource Center/ Technical Support	400,000	9/30/86
Broome Company (New York) Distanced Based Fare Structure Demonstration in a small transit system.	160,000	6/30/86
TRAAC Microcomputer Applications for Transit Pricing Policy, UTPS Super Processor, Financial Forecasting course.	616,356	9/30/86

FARE BOX THEFT

Mr. **Coughlin**. In the past we have discussed the problem of fare evasion and theft on transit systems and last year you indicated that you were still looking into this problem.

Have you made any recommendations in this area?

Mr. **Gimmler**. During the past year we have organized our research program into lead programs. The competition lead program emphasizes the area of Revenue Maximization. Within that program unit we are developing projects that should result in techniques and procedures that can be used to increase transit revenues.

One activity area within this program unit is specifically concerned with the loss of revenue due to fare evasion and theft. We intend to identify effective counter-measures and procedures that ensure revenue security and accountability, and to develop guidelines that transit agencies can utilize evaluating their revenue, security and accountability programs.

Mr. **Lehman**. I just wondered, do you have any idea of how much you lose through embezzlement?

Mr. **Gimmler**. I am not sure that we have a category that is directly related to embezzlement, but we do have figures on the industry's estimates of revenue loss. We estimate that in bus operations area it is 20 percent; in rapid transit it is closer to 10 percent. Losses on all operations aggregate to 17 percent, totalling $439 million a year. If you throw in structural penalties you can raise that loss to $700 million. Fare collection costs are about an additional $300 million.

As a whole, revenue collection and accountability has a very high potential for savings to improve transit's operating picture.

Mr. **Lehman**. You could almost do without your Federal subsidy if you could——

Mr. **Gimmler**. That is correct.

Mr. **Stanley**. They also lose about as much as we give them in operating assistance each year.

Mr. **Gimmler**. Revenue loss is made up of theft, fare evasion, bank error, ticket forgery, cash room theft, and other areas where leakage occurs.

Mr. **Coughlin**. I guess our question was have you made any recommendations. You recited what you are doing, but have you made any recommendations?

Mr. **Gimmler**. No, sir.

BUS TRANSMISSION DEMO

Mr. **Coughlin**. Last year you indicated that you had completed a large portion of your bus transmission demonstration program. Have you completed this demonstration and what was learned from it?

Mr. **Gimmler**. Tests of the electronically controlled DDA transmission have been completed in Indianapolis, San Diego and Worcester. The transmissions have been well-received by the transit agencies. Fuel savings as high as nine percent have been reported with reduced maintenance costs.

There are automatic diagnostic features to the transmission which are an additional bonus to its users.

METHANOL BUSES

Mr. **Coughlin**. It was also indicated last year that you intended to test your methanol fuel buses in revenue service starting in October 1985. What is the status of this project?

Mr. **Gimmler**. The track tests of the three modified buses are nearly complete. The revenue service tests of all three buses will start in Jacksonville on May 7th.

BUS RELATED RESEARCH

Mr. **Coughlin**. Do you have any other bus equipment or bus subsystem-related projects currently ongoing? If so, would you describe them for the record.

[The information follows:]

We are conducting a number of projects to resolve many of the problems the disabled are experiencing in using bus transit systems. These include conducting a National Workshop on Bus Wheelchair Accessibility this May in Seattle, Washington; life-cycle testing of wheelchair lift equipment in a cold climate in Syracuse, New York; evaluating automatic wheelchair securement devices for small and large buses and paratrasnit vehicles in Sacramento, California; evaluating ten heavy-duty low-floor ramp-accessed small buses in five Michigan cities in cooperation with Michigan Department of Transportation; and demonstrating innovative paratransit vehicles for mobility impaired persons in Pittsburgh, Pennsylvania and Dade County, Florida.

We are evaluating electronic registering high-bill capacity fareboxes in Detroit, Michigan and Los Angeles, California; and automatic passenger counters in Atlanta, Georgia and Seattle, Washington. We will be evaluating up to 100 new methanol buses at five to six trasnit sites including Seattle, Washington; Los Angeles, California; and New York City. We are testing a modification kit for Detroit Diesel Allison's 6V71 engines to permit standard buses to operate on methanol fuel in Jacksonville, Florida and Lowell, Massachusetts.

We are studying the technical and cost feasibility of fuel cells as an alternative power source for trasnit bus propulsion in Los Alamos, New Mexico with the assistance of Georgetown University. We are completing an evaluation of auxiliary propulsion systems for trolley buses to permit off-wire operation in Dayton, Ohio. In cooperation with the Federal Highway Administration with the assistance of the Massachusetts Institute of Technology, we are evaluating the degree of pavement damage caused by transit buses. And, we are evaluating the feasibility of combining data from several computerized bus maintenance management information systems into a more comprehensive database to permit bus maintenance trends analysis.

STARS

Mr. **Coughlin**. In the area of rail research, your largest program in past years has been your subsystems technology applications to rail systems (STARS).

Are you planning to continue this program in fiscal year 1987? If so, in which areas and at what level?

Mr. **Gimmler**. STARS will be limited in the future. It was a hardware-oriented technology program and it is not funding a priority within our current program. The AC propulsion program is continuing with participation by the manufacturer and by the NYCTA. We will have AC propulsion in New York shortly.

The modular air conditioning project is also underway at the NYCTA. In the interest of time, I will submit the balance of the answer for the record, if I might.

[The information follows:]

The rail research projects initiated under the subsystems technology applications to Rail Systems (STARS) program have been fully funded. Work on the STARS projects will continue through FY 1987, but no new STARS funds are required. The projects that are funded and continuing are as follows:

AC Propulsion Program is continuing with test initiation expected at the NYCTA beginning in August 1986. Garrett is the contractor. Westinghouse has recently delivered their final report.

Modular Air conditioning work is on going at the NYCTA with Laboratory testing planned in December 1986.

The EMI project is expected to be completed this year and we plan to have a training activity on the use of the technical results which will be funded through our Safety Program (100K).

The Energy Management work in rail is expected to be completed this spring with an Industry workshop and publication of Guidelines for Authorities on how to save energy costs.

Three fare collection projects (SEPTA, PATCO and the ICG in Chicago) are active and no additional funds for hardware improvements are planned.

Microprocessor training activity was just initiated with a Grant Carnegie Mellon Univerisity.

The STARS Doors Project is active at the NYCTA with efforts directed at developing and testing a system to reduce the unplanned door opening problem which New York has been experiencing.

The Train Line multiplexing Project is active at WMATA to develop a diagnostic monitoring system to provide equipment status reporting and to satisfy the NTSB requirement of maintaining a record of train status prior to any safety related incident.

The CTA winterization snow blower evaluation will be completed this year with a final report.

STARS PROJECTS

Mr. Coughlin. Would you list for the record your major fiscal year 1986 projects under your STARS program and indicate which of these will be terminated under your proposed 1987 funding level.

[The information follows:]

The list of major STARS Projects is identified below. We do not plan to terminate any of these projects. None of the projects require additional funding.

AC Propulsion Development and Test.
Modular Air Conditioner Development and Test.
Electromagnetic Interference Test Guidelines.
Energy Management Guidelines.
Fare Collection Developments for Pass Reader, Improved Turnstiles and Bill verifier.
Microprocessor Control Industry Training.
DOOR Safety System Development and Test.
On Board Car Diagnostic Monitoring System.
Evaluation of CTA Rail Snow Blower.

AC PROPULSION

Mr. Coughlin. Last year it was indicated that the test of the Garrett AC propulsion system on New York's R-44 cars was to begin in Pueblo in late 1985. What is the status of this project?

[The information follows:]

The STARS AC Propulsion project will now perform the tests on the NYCTA property rather than at Pueblo. The propulsion systems are now being installed on the R-44 vehicles. Testing will begin in New York in August of 1986. The project is expected to save about $10,000 per car per year over conventional controlled systems now being operated in New York. The project will be completed early in calendar year 1987.

STEERABLE TRUCK

Mr. COUGHLIN. You also indicated last year that you intended to conduct a demonstration program at PATCO to compare the cost and performance of a steerable truck with flexible bushings.

What did you learn from this test?

Mr. GIMMLER. May I submit that for the record, please?

Mr. COUGHLIN. Yes.

[The information follows:]

We have concluded that study. Forces detrimental to the rail were reduced by 63 percent for the flexible bushings, and by 75 percent for the steerable truck. These are very significant reductions which will result in reduced wheel and rail wear, lower energy requirements in curve negotiation, and reduced noise levels.

MODULAR AC UNIT

Mr. COUGHLIN. Would you indicate for the record the results of the New York City transit authority's test of a modular air conditioning unit.

[The information follows:]

The New York City Transit Authority is expected to award a contract for a laboratory test of the Modular Air Conditioning Unit in May 1986. We expect the test program results to be available in late 1986.

PUEBLO TESTS

Mr. COUGHLIN. Last year you stated that you are now charging transit agencies for the full costs of tests at Pueblo.

Is there currently any activity at Pueblo and are you aware of any that is contemplated for the future?

Mr. GIMMLER. There are no current contracts for further testing by transit authorities at Pueblo. We expect one to eventualize soon for testing of two light rail vehicles for the Santa Clara County Transportation Authority.

We have reviewed the transportation test center at Pueblo and have determined that it would be appropriate to privatize that facility as the FRA has done with their portion of the Pueblo test track. We intend to undertake negotiations through FRA with the AAR, which has indicated an interest in taking it over, maintaining and marketing the test facilities and services.

Mr. COUGHLIN. Would you update for the record the information contained on page 813 of last year's hearing record related to your investments at Pueblo?

[The information follows:]

Actual and planned investment at Pueblo through September 30, 1987

Track Construction:	
Fiscal year 1987	0
Prior years	$8,065,000
Building Construction:	
Fiscal year 1987	0
Prior years	6,836,000
Power Station Construction:	
Fiscal year 1987	0
Prior years	10,573,000

Equipment and Instrumentation:	
Fiscal year 1987	0
Prior years	3,082,000
Operations and Maintenance:	
Fiscal year 1987	40,000
Prior years	7,494,000
Overhead Adjustment	160,000
Total Estimated UMTA Funding through September 20, 1987	36,250,000

Mr. COUGHLIN. Would you also indicate for the record the tests that have been conducted at this facility during the past year?

[The information follows:]

There were no tests performed on rail cars during calendar year 1985. We are not at this time aware of any definite plans for testing at the Test Center in Pueblo except Santa Clara, as noted in the previous question.

SECTION 10

Mr. COUGHLIN. On page 29, you state that a redirection of your section 10 program is being implemented. In the past funding for this program has been in the $1 million range. Will this funding level be continued for your Section 10 Managerial Training Program and how is this program being redirected?

Mr. GIMMLER. The section 10 program in this fiscal year is funded at $900,000. Next year we would expect a reduction to $500,000.

The section 10 program is being redirected in a number of areas. We hope to be able to use modular training units to increase the leverage and the effectiveness of the dollars spent on training.

We hope to use single agency grants more effectively; to amplify the training experience by focusing on the entire staff of individual properties, so they are all in a receptive environment when they return.

We also hope to regionalize the short courses, so that we can get closer to the medium and the small properties that have difficulty justifying a single agency grant, and also find it expensive to travel great distances to experience those courses.

Mr. COUGHLIN. Would you update for the record the table on pages 814 and 815 of last year's hearing record showing the number of courses, cost, and number of attendees under this program?

[The information follows:]

UMTA SECTION 10 MANAGERIAL TRAINING PRORGAM

Fiscal Year	Number of Short Courses	Cost	Number of Attendees
1981	4	$455,112	101
1982	12	825,109	234
1983	25	1,384,839	526
1984	30	993,887	523
1985	28	638,314	425
1986 (estimated)	21	500,000	400
Total[1]	120	4,797,261	2,209

[1] /Does not include single agency grant training. Approximately 9,700 employees will have been trained, totalling $1,701,060 during the period 1981 to 1986.

SECTION 11

Mr. **Coughlin**. In the past your funding for your section 11 university research and training program has amounted to approximately $1.5 million a year. Is this what you are projecting for fiscal years 1986 and 1987?

Mr. **Gimmler**. In fiscal year 1986 we are projecting $1.6 million; in fiscal 1987 we are projecting $1 million.

Mr. **Coughlin**. Would you list for the record the schools participating in your universities centers program and indicate how these differ from those who have participated in the past?

[The information follows:]

University of California, Irvine.
New York Institute of Technology, Old Westbury, NY.
Portland State (OR) University.
Texas Southern University, Houston.
Florida A&M University, Tallahassee.
University of Michigan.
Indiana University.
University of Wisconsin, Milwaukee.
Pennsylvania State University (replaces the University of Pennsylvania, The Wharton School).

WORKSHOP FOR MINORITY INSTITUTIONS

Mr. **Coughlin**. Would you also list for the record the schools that participated in last summer's faculty workshop for minority institutions?

[The information follows:]

Clark College, Atlanta.
Bennett College, Greensboro, NC.
Lincoln University, PA.
North Carolina, A&T State University, Greensboro.
Morehouse College, Atlanta.
Jackson State University, Jackson, MS.
Rust College, Holly Springs, MS.
Florida A&M University, Tallahassee.
Spelman College, Atlanta.

UNIVERSITY RESEARCH GRANTS

Mr. **Coughlin**. Would you update for the record the table on pages 817 through 820 of last year's hearing record showing grants awarded to date under sections 6 and 11?

[The information follows:]

U.S. Department of Transportation
Urban Mass Transportation Administration
University Research and Training Program
Summary of Grant Awards to Universities and Colleges
Through October 30, 1985
By Funding Source

SECTION 11

Alabama A&M University	$ 97,909
Atlanta University	1,227,485
Benedict College	78,500
Boston College	80,000
Boston University	94,966
Brandeis University	42,569
Brown University	19,500
Calif. State Univ. - Chico	19,624
Calif. State Univ. - Long Beach	281,952
Carnegie-Mellon University	1,161,391
Cleveland State University	68,978
Clark College	120,705
CUNY-John Jay College	49,276
CUNY-Graduate School and University Center	71,766
Univ. of Calif. - Berkeley	531,409
Univ. of Calif. - Irvine	889,566
Univ. of Calif. - Los Angeles	775,226
Univ. of Colorado - Denver	272,850
Columbia University	79,000
Univ. of Connecticut	69,973
Dartmouth College	73,500
Duke University	60,000
Univ. of Dayton	87,090
Univ. of District of Columbia	144,069
East Tennessee State University	25,131
Edward Waters College	104,905
Florida A&M University	321,000
Florida Memorial College	151,545
Florida State University	478,691
George Washington University	69,576
Georgia Institute of Technology	276,152
Univ. of Georgia	74,751
Hampton Institute	53,218
Harvard University	359,549
Howard University	551,924
Univ. of Hawaii	103,804
Univ. of Houston	21,087
Illinois Institute of Technology	175,400
Indiana University	526,046
Iowa State University	49,131
Univ. of Illinois - Chicago	1,742,267
Univ. of Illinois - Urbana Champaign	105,925

Univ. of Iowa	774,866
Johns Hopkins University	82,710
Kansas State University	69,729
Univ. of Kansas	122,010
University of Kentucky	134,086
Manhattan College	25,000
Marquette University	210,000
Mass. Institute of Technology	1,395,563
University of Michigan	409,500
Morgan State University	108,540
Univ. of Maryland	111,699
Univ. of Mass. - Amherst	84,585
Univ. of Miami	53,799
Univ. of Minnesota	516,028
Univ. of Mississippi	18,831
Univ. of Missouri - Rolla	75,000
Univ. of Missouri - St. Louis	142,884
New Jersey Institute of Technology	360,440
New York Institute of Technology	366,503
New York University	36,772
Norfolk State University	82,916
North Carolina A&T University	1,758,544
North Dakota State University	51,420
Northeastern University	284,000
University of North Florida	155,975
Northern Arizona	201,204
Northwestern University	1,117,636
Univ. of Nebraska - Lincoln	57,315
Univ. of Nebraska - Omaha	40,960
Univ. of North Carolina - Chapel Hill	193,937
Ohio State University	338,477
Univ. of Oklahoma	424,200
Pan American University	107,850
Pennsylvania State University	479,617
Polytechnic Institute of New York	1,979,180
Portland State University	321,000
Prairie View A&M University	51,850
Pratt Institute	49,875
Princeton University	705,734
Purdue University	459,204
Univ. of Pennsylvania	1,372,497
Univ. of Pittsburgh	208,000
Univ. of Puerto Rico - Mayaguez	229,111
Rice Center	548,521
Rensselaer Polytechnic Institute	269,291
Rust College	43,000
Rutgers University	141,533

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Southern University - Baton Rouge	540,000
Stanford University	446,355
Syracuse University	640,017
SUNY - Albany	49,099
SUNY - Buffalo	486,469
SUNY - Stony Brook	107,158
Univ. of South Carolina	315,465
Univ. of Southern California	68,543
Tennessee State University	56,152
Texas A&M University	84,444
Texas Southern University	443,662
Tufts University	52,960
Tulane University	90,000
Tuskegee Institute	78,577
Univ. of Tennessee - Knoxville	318,157
Univ. of Texas - Arlington	259,218
Univ. of Texas - Austin	175,354
Univ. of Utah	202,457
Virginia Polytechnic Institute	409,709
Virginia Union University	67,492
Univ. of Virginia	403,403
Wayne State University	189,522
West Virginia University	460,975
Univ. of Washington	1,672,281
Univ. of Wisconsin - Madison	282,956
Univ. of Wisconsin - Milwaukee	530,361
Consortium of Washington, D.C. Universities	562,500
	$37,417,893

SECTION 6

Auburn University	84,820
University of Calif. - Irvine	100,000
University of Calif. - Los Angeles	84,187
Florida A&M University	50,000
Howard University	200,000
University of Illinois - Chicago	77,294
Indiana University	100,000
University of Michigan	50,000
Mass. Institute of Technology	97,000
New York Institute of Technology	50,000
University of Pennsylvania	45,235
Polytechnic Institute of New York	76,600
Portland State University	50,000
Ransselaer Polytechnic Institute	78,623
Texas Southern University	50,000
Tuskegee Institute	39,432
	$1,233,191

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GRANT TO RICE CENTER

Mr. **Coughlin**. Would you indicate for the record the cost and results of your university research grant to Rice University involving public and private ownership of transit systems?

[The information follows:]

Rice Center received a grant for $80,516. The research project, "Public vs. Private Ownership of Transit Systems", is in the draft report stage.

[**Clerk's note**.—A copy of "New Directions in Urban Transportation: Private/Public Partnerships" prepared by Rice Center was provided to the committee.]

UNIVERSITY RESEARCH GRANTS TO BE COMPLETED

Mr. **Coughlin**. Would you also provide a list of the major university research grants scheduled to be completed during the balance of this calendar year?

[The information follows:]

VA-11-0015 Virginia Polytechnic Institute—Pay-for-Performance: The Effect on Employee Attitudes and Productivity.

CA-11-0030 California State University at Long Beach—Increasing Private Sector Involvement in Urban Mass Transportation Planning and Service.

IL-11-0032 University of Illinois at Chicago—Moving People: A 1985 Revision.

PR-11-0005 University of Puerto Rico, Rio Piedras—The Use of Microcomputers in the Study of Population Trends and Their Impact on Transportation Needs in Rapidly Growing Metropolitan Areas.

NY-11-0039 Columbia University—The Potentials and Problems of Private Sector Transportation Services.

GA-11-0017 Georgia Institute of Technology—Overcoming Barriers to Greater Private Involvement in Transportation.

AL-11-0003 Alabama A&M University—Developing Local Support and Funding for Transportation Services in Rural Areas.

PA-11-0033 Carnegie-Mellon University—Innovative Financial Strategies During Facility Construction.

OH-11-0007 Ohio State University—Evaluating the Desirability of Transit Deregulation.

PA-11-0032 University of Pennsylvania—Monopoly, Deregulation and Coordination of Public Mobility Services.

ND-11-0001 North Dakota State University—Training Courses for Small Urban and Rural Transportation Management.

NY-11-0038 Rensselaer Polytechnic Institute—Transit Safety: A case Study of New York State's Public Transportation Safety Board.

TN-11-0007 East Tennessee State University—Joint Funding Agreements Between Universities and Transit Operating Properties.

HUMAN RESOURCES

Mr. **Coughlin**. Do you have any estimates of the funding you intend to provide to your section 20 human resources program in fiscal year 1987?

Mr. **Sander**. We would estimate that approximately $2 million would be programmed against section 20 in fiscal year 1987.

Mr. **Coughlin**. And how successful has this program been in increasing minority and female employment in public transportation?

Mr. **Sander**. We believe in those areas where we have had demonstration projects, that there has been a measurable increase in the employment of minorities and women, and in some instances, the grantees have continued the programs after the Federal funding for that specific program has ended.

So we believe, all in all, that there is a positive impact of the program.

Mr. **Coughlin**. What types of employment and managerial programs are you conducting with these funds?

Mr. **Sander**. For example, in fiscal year 1985 we had a project with the Regional Transit Association in the San Francisco Bay area, where there was an identification of career development training needs for RTA employees, and we provided assistance for that training.

In Oregon we had a disadvantaged women in business enterprise project, which was a joint effort between UMTA and FHWA. This project provided supplementary assistance to the grantees of both agencies. We have a job bank for minorities in transit, and we have a program where minorities have been trained in vehicle maintenance in several cities around the country.

Those I think are a good sample. That is not an all-inclusive list.

BONDING

Mr. **Coughlin**. You state that you have committed $3 million to collateralize a demonstration bonding program. What have you accomplished under this bonding program?

Mr. **Sander**. We have had some progress in that program. It is not progress that we would like to report to this committee. Very honestly, it has been a very slow developing project. We have a contractor now that has finally identified a private sector source of funding.

We have tried to leverage Federal and private sector funding in this, and it has taken us a while to find a private investor.

We now have a private investor. We do have a surety firm that is willing to participate in this and it is our hope that before the end of this fiscal year we will have the bonding program that we have been talking about with the committee for the last several years.

INTERSTATE TRANSFER GRANTS-TRANSIT

Mr. **Coughlin**. No appropriation is being requested for Interstate Transfer Grants since your proposed legislation would make these substituted transit projects eligible under the interstate transfer authorization in the Federal-Aid Highways Account along with highway projects.

Since it is unlikely that your proposed legislation will be enacted, what funding level would you support for interstate substitute transit projects in fiscal year 1987?

Mr. **Stanley**. We would continue to support the elimination of individual Interstate Transfer Grants for UMTA. This has been funded at a level of about $250 million in the last few years.

Mr. **Coughlin**. Last year you estimated that all substitute transit projects would be funded by fiscal year 1991. What is your current expectation assuming: (1) enactment of your proposed legislation; (2) continued Federal funding at a $200 million a year level, and (3) continued Federal funding at a $225 million a year level?

Mr. **McManus**. With the proposed legislation and also including Westway, it would stretch out to about 1998. At the $200 million level, with Westway it would be about 1993, and at the $225 million a year level, about the same.

Mr. COUGHLIN. Under current law (section 107(e) of the Federal-aid Highway Act of 1978) there is a September 30, 1986 deadline for commencing construction on all interstate substitute projects.

Do you believe all substitute transit projects will meet this deadline?

Mr. McMANUS. We think so, at this date.

COSTS TO COMPLETE

Mr. COUGHLIN. Last year New York withdrew the Westway project. How much did this increase New York's substitute transit authority?

Mr. McMANUS. It increased New York's substitute transit authority by $345 million.

Mr. COUGHLIN. Would you update for the record the table on page 829 of last year's hearing record showing the State, the withdrawal area, the estimated funds to complete as of September 30, 1985, the $210.15 million of fiscal year 1986 discretionary and formula allocations, and the funds required to complete substitute transit projects as of September 30, 1987?

[The information follows:]

INTERSTATE SUBSTITUTION TRANSIT COST TO COMPLETE BEGINNING FY 1987

As of September 30, 1985

STATE	WITHDRAWAL AREA	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS*	FY 1986 APPORTIONMENTS, ALLOCATIONS, AND ADJUSTMENTS**	ADJUSTED ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS
ARIZONA	Tucson	0	0	0
CALIFORNIA	Sacramento	16,045,439	12,813,922	3,231,517
	San Francisco	47,485,714	(12,109,592)	59,595,306
COLORADO	Denver	0	0	0
CONNECTICUT	Bolton to Killingly	306,957	47,057	259,900
	Hartford-New Britain	15,706,760	2,353,100	13,353,660
DIST. OF COLUMBIA	Washington	4,889,436	741,341	4,148,095
GEORGIA	Atlanta	0	0	0
ILLINOIS	Chicago	445,403,168	131,774,771	313,628,397
INDIANA	Indianapolis	2,243,757	1,194,134	1,049,623
IOWA	Waterloo	9,172,055	(234,022)	9,406,077
MARYLAND	Baltimore	217,599,130	22,927,184	194,671,946
	Bowie to Millersville	0	0	0
	Washington	0	0	0
MASSACHUSETTS	Boston	46,925,921	18,469,654	28,456,267
	Fall River to Providence	800,170	121,079	679,091
MINNESOTA	Duluth	2,257,417	569,311	1,688,106
	Minneapolis-St. Paul	0	0	0
NEBRASKA	Omaha	0	0	0
NEW JERSEY	New York City	0	0	0
	New York City to Trenton	3,977,359	2,965,245	1,012,114
	Philadelphia	2,789,083	2,079,243	709,840
NEW YORK	Albany	1,297,025	150,941	1,146,084
	New York City	350,544,903	840,258	349,704,645
OHIO	Cleveland	35,557,343	18,897,953	16,659,390
OREGON	Portland	5,086,833	(2,615,866)	7,702,699
	Salem	0	0	0
PENNSYLVANIA	Philadelphia	0	0	0
	Pittsburgh	0	0	0
RHODE ISLAND	Rhode Island	31,782,509	4,818,238	26,964,271
TENNESSEE	Memphis	22,646,007	3,432,924	19,213,083
VIRGINIA	Washington	0	0	0
	TOTALS	1,262,516,986	209,236,875	1,053,280,111

*As shown in S. Prt. 99-69.

**Includes apportionments, allocations, lapses, and reapportionments. Does not include $957,000 for construction oversight. Distribution of New Jersey allocations estimated based on remaining withdrawal values.

CARRYOVER

Mr. COUGHLIN. Would you provide a breakdown by city of your $101,412,000 carryover into fiscal year 1986 and indicate whether the amounts carried over are formula or discretionary funds?

[The information follows:]

Interstate transfer program, fiscal year 1985 funds available

Area	Formula funds Available
Region 1:	
Boston, MA	$1,764,404
Hartford-new Britain, CT	590,571
State of Rhode Island	5,659,984
Fall River, MA	30,086
Killingly, CT	11,543
Subtotal	8,056,588
Region 2:	
New York City	208,498
Albany, NY	48,767
Trenton To NYC, NJ	939,752
Philadelphia, NJ Portion	709,372
Subtotal	1,906,389
Region 3: Washington, DC	450,778
Region 4: Memphis, TN	851,483
Region 5:	
Chicago, IL	89,139,210
Duluth-Superior, MN	316,171
Indianapolis, IN	84,366
Cleveland, OH	1,336,948
Subtotal	90,876,695
Region 9: Sacramento, CA	603,305
Total	102,745,238

RECOVERIES

Mr. COUGHLIN. Have you had any deobligations or other fund recoveries under this appropriation to date during fiscal year 1986? If so, would you list them for the record?

Mr. McMANUS. I would like to provide that for the record.

[The information follows:]

During FY 1986 to date, there have been no recoveries for the Interstate Transfer Grant-Transit program.

FY 1987 FUNDING REQUIREMENTS

Mr. LEHMAN. Last year you listed major projects in Boston, Baltimore, Chicago, Sacramento and San Francisco. What is your estimate of these cities' requirements for fiscal year 1987?

[The information follows:]

Interstate transfer-transit major projects, fiscal year 1987

	Millions
Boston:	
SW Corridor	$20.0
Red Line Project	8.0
Chicago:	
Loop El Renovation	10.0
Southwest Corridor	75.3

Jackson Park El	3.4
Sacramento—Light Rail Transit	3.2
San Francisco—Embarcadero Project	28.2

FORMULA DISTRIBUTION

Mr. LEHMAN. Would you update for the record the table on page 832 of last year's hearing record assuming a continuing of current law and a fiscal year 1987 formula distribution of $125 million?

[The information follows:]

INTERSTATE SUBSTITUTION TRANSIT COST TO COMPLETE BEGINNING FY 1987

STATE	WITHDRAWAL AREA	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS*	FY 1986 APPORTIONMENTS, ALLOCATIONS, AND ADJUSTMENTS**	ADJUSTED ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS	FY 1987 PROJECTED FORMULA APPORTIONMENT***
ARIZONA	Tucson	0	0	0	0
CALIFORNIA	Sacramento	16,045,439	12,813,922	3,231,517	383,750
	San Francisco	47,485,714	(12,109,592)	59,595,306	7,072,500
COLORADO	Denver	0	0	0	0
CONNECTICUT	Bolton to Killingly	306,957	47,057	259,900	31,250
	Hartford-New Britain	15,706,760	2,353,100	13,353,660	1,585,000
DIST. OF COLUMBIA	Washington	4,889,436	741,341	4,148,095	492,500
GEORGIA	Atlanta	0	0	0	0
ILLINOIS	Chicago	445,403,169	131,774,771	313,628,397	37,220,000
INDIANA	Indianapolis	2,243,757	1,194,134	1,049,623	125,000
IOWA	Waterloo	9,172,055	(234,022)	9,406,077	1,116,250
MARYLAND	Baltimore	217,599,130	22,927,184	194,671,946	23,102,500
	Bowie to Millersville	0	0	0	0
	Washington	0	0	0	0
MASSACHUSETTS	Boston	46,925,921	18,469,654	28,456,267	3,377,500
	Fall River to Providence	800,170	121,079	679,091	80,000
MINNESOTA	Duluth	2,257,417	569,311	1,688,106	200,000
	Minneapolis-St. Paul	0	0	0	0
NEBRASKA	Omaha	0	0	0	0
NEW JERSEY	New York City	0	0	0	0
	New York City to Trenton	3,977,359	2,965,245	1,012,114	120,000
	Philadelphia	2,789,083	2,079,243	709,840	83,750
NEW YORK	Albany	1,297,025	150,941	1,146,084	136,250
	New York City	350,544,903	840,258	349,704,645	41,502,500
OHIO	Cleveland	35,557,343	18,897,953	16,659,390	1,977,500
OREGON	Portland	5,086,833	(2,615,866)	7,702,699	913,750
	Salem	0	0	0	0
PENNSYLVANIA	Philadelphia	0	0	0	0
	Pittsburgh	0	0	0	0
RHODE ISLAND	Rhode Island	31,782,509	4,818,238	26,964,271	3,200,000
TENNESSEE	Memphis	22,646,007	3,432,924	19,213,083	2,280,000
VIRGINIA	Washington	0	0	0	0
	TOTALS	1,262,516,986	209,236,875	1,053,280,111	125,000,000

*As shown in S. Prt. 99-69.

**Includes apportionments, allocations, lapses, and reapportionments. Does not include $957,000 for construction oversight. Distribution of New Jersey allocations estimated based on remaining withdrawal values.

***Projected apportionments based on adjusted estimated additional funds required to complete substitute transit projects.

WASHINGTON METRO

Mr. **Lehman**. As we have discussed, you are not requesting an appropriation for construction of the Washington Metrorail System under the Stark-Harris legislation.

Would you indicate for the record the remaining appropriated construction authorization under that legislation?

[The information follows:]

Through Fiscal Year 1986, there are $742.8 million remaining in the Stark-Harris Authorization of $1.7 billion.

FORMULA GRANTS

Mr. **Lehman**. You are not requesting any direct appropriations for formula grants. Instead, you are proposing a new transportation block grant-transit program. Have you received any indications that might lead you to believe your block grant approach will be enacted by the Congress?

Mr. **Stanley**. We testified to the block grant approach in the House, and we will be testifying in the Senate next week. There is some predictable resistance to it. I think it is going to be an uphill fight, but I am ever hopeful that we can advance the principle of the fungibility of some of the funds, particularly in the larger urbanized areas.

Mr. **Coughlin**. Hope springs eternal.

If it is not enacted, do you have any proposals which might provide a more efficient means for distributing or utilizing your formula grant funds?

Mr. **McManus**. Well, we think that the authority that was granted in the past year to be able to transfer money in section 5 from places under 200,000 up to a million is a very constructive change and would help redistribute funds within the existing structure. And a more active role by the states in connection with that kind of authority if it were provided in section 9 would be a very good change in the resources available to redirect grants and make better and more immediate use of the resources.

Mr. **Coughlin**. As your March 11 letter indicates, the large urbanized areas (over 1 million in population) obligate a much higher percentage of their formula grant funds than do the smaller urbanized areas and you conclude from this that many of these areas are receiving funds they simply do not need or cannot utilize expeditiously.

To what extent do you think these small urbanized areas save their apportionments to finance larger capital projects, that cannot be accommodated in one year's apportionment?

Mr. **McManus**. They tend to do that. Our records show that they use about 25 percent of the apportionment the first year and then they do tend to bank it and use it as a resource stream over a three or four year period.

And yet, there is a relatively low lapse rate after three or four years.

REDISTRIBUTION OF SECTION 9 FUNDS

Mr. **COUGHLIN**. Under current law, formula funds for areas with a population under 200,000 are allocated to the governor and he may either give them to the area designated under the formula or give the funds to other areas in the state having a population of up to 300,000. To what extent is this transfer authority being used?

Mr. **MCMANUS**. Well, I cannot comment specifically as to how much is used between 200,000 and 300,000 but within that total universe, 20 states have been moving money around within the governor's discretion. About $200 million was moved around in the last year as I recall.

Mr. **COUGHLIN**. Would you indicate for the record, the number of states in which the governor transferred section 9 funds during fiscal year 1986 and the average amount transferred per state?

[The information follows:]

The $200 million mentioned above refers to FY 1984. During FY 1985, seventeen (17) states used the flexibility available in the Section 9 program. The average amount shifted per state was about $3 million. We do not have a tabulation for FY 1986 as yet.

PROPOSED INCREASE IN TRANSFER AUTHORITY

Mr. **COUGHLIN**. To what extent did you consider increasing this transfer authority (such as increasing the size of the areas eligible to receive funds up to 1 million in population) as a means to more effectively use your formula grant funds?

Mr. **MCMANUS**. We think that would be a good idea.

Mr. **LASALA**. And, in fact, we have proposed it in our legislation.

Mr. **COUGHLIN**. Have there been any problems resulting from this transfer authority being granted to the governor?

Mr. **MCMANUS**. Not yet. We think that the results have all been pretty good. I think that some of the interest groups react to an increasing role of the states, but I think that just takes some more dialogue and interface with them about the benefits that actually can happen by that process being followed.

RECOVERY OF FUNDS

Mr. **COUGHLIN**. On page 44 you show $86,147,000 in recoveries of prior year obligations. From which cities or areas were these funds recovered and to which cities were they reallocated?

[The information follows:]

The funds you refer to are Section 9 formula funds. When these funds are deobligated, they are made re-available to the city from which they were deobligated provided that the funds had not lapsed. Formula funds are available to individual cities (Urbanized Areas-UZA's) in the year of appropriation plus three years. At the end of this period of the funds lapse to the UZA and are reapportioned to all UZA's. As the Section 9 program was established in FY 84, these formula funds will not lapse until the end of FY 87.

Mr. **COUGHLIN**. Have you had any recoveries of prior year obligations under this program to date during fiscal year 1986?

If so, how much and to whom will they be reallocated?

[The information follows:]

The total recoveries for Formula Grants as of March 31, 1986 is $18,881,000. When Formula Grants are deobligated they are returned to the Urbanized Areas or State from which they were deobligated, provided that the funds has not lapsed. Formula funds are available to the Urbanized Areas or the State Governor in the year of appropriation plus three years. Non-Urban Formula funds are available to the State in the year of appropriaton plus two years. At the end of this available period the funds lapsed to the individual area or State and are reapportioned to all areas.

FUNDING LAPSE

Mr. **Coughlin**. Why did you lapse more than $10 million at the end of fiscal year 1985?

Mr. **Sander**. That amount represents recoveries from old discretionary grants whose availability had expired and therefore, the recoveries were written off to the Treasury.

OBLIGATIONS OF FORMULA GRANTS

Mr. **Coughlin**. You project that your formula grant obligations will be nearly $2.5 billion in fiscal year 1986. Were your actual obligations for the first six months consistent with this estimate?

[The information follows:]

While we now expect that formula grant obligations will total slightly less than the predicted level, obligations to date are not a valid indicator from which to extrapolate year end totals. The lateness of the 1986 Department of Transportation Appropriations Act (December 19, 1986) and the midyear reduction to the program mandated by the Gramm-Rudman-Hollings legislation have directly resulted in a reduced level of formula obligations to date.

FY 1986 AND FY 1987 FORMULA APPORTIONMENTS

Mr. **Coughlin**. Would you provide for the record, the fiscal year 1986 grant allocations after sequestration by city and an estimated allocation of the fiscal year 1987 mass transit account funds by city, assuming enactment of your proposed legislation?

[The information follows:]

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
OVER 1,000,000 POPULATION:			
Atlanta, Georgia	$22,141,631	$11,569,709	52%
Baltimore, Maryland	23,089,602	12,005,275	52%
Boston, Massachusetts	60,802,242	31,983,440	53%
Buffalo, New York	9,228,082	5,221,988	57%
Chicago, Illinois-Northwestern Indiana	162,638,650	85,731,232	53%
Cincinnati, Ohio-Kentucky	9,572,570	5,671,037	59%
Cleveland, Ohio	21,307,081	11,278,025	53%
Dallas-Fort Worth, Texas	18,060,680	10,010,153	55%
Denver, Colorado	14,920,819	8,354,658	56%
Detroit, Michigan	37,408,627	20,931,910	56%
Fort Lauderdale-Hollywood, Florida	7,766,931	4,362,817	56%
Houston, Texas	24,865,812	13,831,360	56%
Kansas City, Missouri-Kansas	6,970,352	4,168,872	60%
Los Angeles-Long Beach, California	122,588,912	64,691,649	53%
Miami, Florida	19,545,932	10,814,950	55%
Milwaukee, Wisconsin	14,756,606	8,245,597	56%
Minneapolis-St. Paul, Minnesota	17,432,877	9,650,608	55%
New Orleans, Louisiana	13,257,513	7,166,790	54%
New York, N.Y.-Northeastern New Jersey	518,099,671	263,302,107	51%
Philadelphia, Pennsylvania-New Jersey	87,815,703	47,838,571	54%
Phoenix, Arizona	9,489,126	5,448,871	57%
Pittsburgh, Pennsylvania	27,274,823	15,269,210	56%
Portland, Oregon-Washington	14,594,184	8,216,739	56%
St. Louis, Missouri-Illinois	16,379,287	9,577,928	58%
San Diego, California	20,823,912	11,452,645	55%
San Francisco-Oakland, California	83,381,633	43,827,292	53%
San Jose, California	18,030,060	10,217,794	57%
San Juan, Puerto Rico	12,847,588	7,134,913	56%
Seattle-Everett, Washington	29,209,489	15,659,153	54%
Washington, D.C.-Maryland-Virginia	50,901,609	29,638,761	58%
SUBTOTAL	$1,495,202,004	$793,274,054	53%

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
200,000-1,000,000 POPULATION:			
Akron, Ohio................................	$4,021,271	$2,364,202	59%
Albany-Schenectady-Troy, New York..........	5,901,650	3,562,453	60%
Albuquerque, New Mexico....................	3,527,803	2,037,593	58%
Allentown-Bethlehem-Easton} Pa.-N.J........	2,994,919	1,717,019	57%
Ann Arbor, Michigan........................	2,059,455	1,189,462	58%
Augusta, Georgia-South Carolina............	1,299,610	767,408	59%
Austin, Texas..............................	3,221,657	1,868,555	58%
Bakersfield, California....................	1,959,173	1,156,876	59%
Baton Rouge, Louisiana.....................	2,477,951	1,366,595	55%
Birmingham, Alabama........................	3,823,713	2,204,681	58%
Bridgeport, Connecticut....................	4,434,684	2,666,575	60%
Canton, Ohio...............................	1,636,413	958,342	59%
Charleston, South Carolina.................	1,142,355	674,551	59%
Charlotte, North Carolina..................	2,925,262	1,619,901	55%
Chattanooga, Tennessee-Georgia.............	1,959,120	1,129,071	58%
Colorado Springs, Colorado.................	2,341,228	1,327,793	57%
Columbia, South Carolina...................	1,151,993	680,243	59%
Columbus, Georgia-Alabama..................	1,565,041	898,543	57%
Columbus, Ohio.............................	9,330,014	5,009,281	54%
Corpus Christi, Texas......................	1,561,482	912,066	58%
Davenport-Rock Island-Moline, Iowa-Illinois	2,365,112	1,363,594	58%
Dayton, Ohio...............................	10,527,987	5,858,947	56%
Des Moines, Iowa...........................	2,330,601	1,354,813	58%
El Paso, Texas.............................	3,888,291	2,296,005	59%
Fayetteville, North Carolina...............	1,070,625	622,521	58%
Flint, Michigan............................	2,379,192	1,369,123	58%
Fort Wayne, Indiana........................	1,738,196	1,017,880	59%
Fresno, California.........................	3,380,677	1,930,272	57%
Grand Rapids, Michigan.....................	3,046,388	1,762,643	58%
Greenville, South Carolina.................	1,250,968	738,404	59%

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
Harrisburg, Pennsylvania....................	2,063,895	1,150,404	56%
Hartford, Connecticut.......................	5,871,194	3,229,747	55%
Honolulu, Hawaii............................	16,753,877	6,965,476	42%
Indianapolis, Indiana.......................	6,643,277	3,679,014	55%
Jackson, Mississippi........................	1,517,456	870,936	57%
Jacksonville, Florida.......................	5,078,298	2,863,804	56%
Knoxville, Tennessee........................	1,427,383	1,108,494	78%
Lansing, Michigan...........................	2,236,087	1,282,259	57%
Las Vegas, Nevada...........................	2,683,287	1,541,189	57%
Lawrence-Haverhill, Mass.-New Hampshire....	2,503,364	1,402,110	56%
Little Rock-North Little Rock, Arkansas....	1,966,014	1,160,916	59%
Lorain-Elyria, Ohio.........................	891,190	525,928	59%
Louisville, Kentucky-Indiana...............	8,276,367	4,463,484	54%
Madison, Wisconsin..........................	3,498,323	1,937,194	55%
Melbourne-Cocoa, Florida...................	1,353,231	555,951	41%
Memphis, Tennessee-Arkansas-Mississippi....	6,702,731	3,860,082	58%
Mobile, Alabama.............................	1,786,741	1,016,488	57%
Nashville-Davidson, Tennessee..............	4,073,003	2,261,316	56%
New Haven, Connecticut.....................	5,043,478	2,897,420	57%
Newport News-Hampton, Virginia.............	2,281,969	1,233,123	54%
Norfolk-Portsmouth, Virginia...............	5,672,868	3,349,081	59%
Ogden, Utah.................................	2,174,324	1,228,114	56%
Oklahoma City, Oklahoma....................	3,558,866	2,101,483	59%
Omaha, Nebraska-Iowa.......................	5,152,373	2,939,087	57%
Orlando, Florida............................	4,073,692	2,297,274	56%
Oxnard-Ventura-Thousand Oaks, California...	2,254,244	1,306,786	58%
Pensacola, Florida..........................	1,191,829	687,181	58%
Peoria, Illinois............................	1,964,818	1,159,341	59%
Providence-Pawtucket-Warwick, R.I.-Mass....	11,321,090	6,333,757	56%
Raleigh, North Carolina....................	1,568,036	895,297	57%
Richmond, Virginia..........................	4,819,412	2,622,319	54%
Rochester, New York.........................	6,513,584	3,694,851	57%
Rockford, Illinois..........................	1,562,267	898,459	58%

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
Sacramento, California......................	7,810,465	4,263,353	55%
St. Petersburg, Florida....................	6,524,143	3,711,059	57%
Salt Lake City, Utah........................	7,616,713	4,310,777	57%
San Antonio, Texas..........................	12,389,766	6,824,970	55%
San Bernardino-Riverside, California.......	5,528,733	3,205,629	58%
Sarasota-Bradenton, Florida................	2,119,802	1,194,436	56%
Scranton-Wilkes-Barre, Pennsylvania........	3,170,534	1,786,705	56%
Shreveport, Louisiana......................	1,992,241	1,176,402	59%
South Bend, Indiana-Michigan...............	2,017,034	1,163,765	58%
Spokane, Washington........................	3,915,481	2,203,013	56%
Springfield-Chicopee-Holyoke, Mass.-Conn...	4,465,560	2,541,145	57%
Syracuse, New York.........................	4,893,341	2,613,208	53%
Tacoma, Washington.........................	5,520,449	3,004,083	54%
Tampa, Florida.............................	5,230,959	2,983,214	57%
Toledo, Ohio-Michigan......................	5,185,486	2,815,016	54%
Trenton, New Jersey-Pennsylvania...........	0	1,207,779	0%
Tucson, Arizona............................	5,114,991	2,894,334	57%
Tulsa, Oklahoma............................	2,961,280	1,748,252	59%
West Palm Beach, Florida...................	3,238,628	1,901,907	59%
Wichita, Kansas............................	2,278,686	1,346,646	59%
Wilmington, Delaware-New Jersey-Maryland...	2,905,228	1,714,840	59%
Worcester, Massachusetts...................	2,396,960	1,302,943	58%
Youngstown-Warren, Ohio....................	2,187,083	1,281,572	59%
SUBTOTAL	$325,254,961	$183,217,905	56%

50,000-200,000 POPULATION:

Governor's apportionment for areas
50,000-200,000 population —

ALABAMA....................................	4,871,977	2,614,672	54%
ALASKA.....................................	987,897	530,181	54%
ARIZONA....................................	425,470	228,339	54%
ARKANSAS...................................	1,435,609	770,457	54%

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
CALIFORNIA..................................	14,573,753	7,821,381	54%
COLORADO....................................	3,200,891	1,728,574	54%
CONNECTICUT.................................	12,661,048	7,298,179	58%
DELAWARE (NONE)			
FLORIDA.....................................	6,733,577	3,613,748	54%
GEORGIA.....................................	3,750,390	2,012,744	54%
HAWAII......................................	961,215	515,861	54%
IDAHO.......................................	1,394,891	748,604	54%
ILLINOIS....................................	9,252,486	4,965,586	54%
INDIANA.....................................	5,699,159	3,058,601	54%
IOWA..	3,178,888	1,706,033	54%
KANSAS......................................	1,366,503	733,369	54%
KENTUCKY....................................	2,891,003	1,551,532	54%
LOUISIANA...................................	3,376,745	1,812,218	54%
MAINE.......................................	1,457,694	782,309	54%
MARYLAND....................................	1,279,629	686,746	54%
MASSACHUSETTS...............................	6,377,394	3,422,593	54%
MICHIGAN....................................	5,674,955	3,045,611	54%
MINNESOTA...................................	1,927,781	1,034,594	54%
MISSISSIPPI.................................	1,828,445	981,282	54%
MISSOURI....................................	2,253,545	1,209,423	54%
MONTANA.....................................	1,630,709	875,162	54%
NEBRASKA....................................	1,534,806	823,693	54%
NEVADA......................................	1,234,474	662,512	54%
NEW HAMPSHIRE...............................	1,845,686	990,535	54%
NEW JERSEY..................................	1,447,023	776,582	54%
NEW MEXICO..................................	699,762	375,545	54%
NEW YORK....................................	4,613,488	2,475,947	54%
NORTH CAROLINA..............................	7,906,508	4,243,232	54%
NORTH DAKOTA................................	1,386,216	743,949	54%

UMTA FORMULA GRANTS PROGRAM

FY 1986 FORMULA APPORTIONMENTS AND FY 1987 PROPOSED FORMULA APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1986 APPORTIONMENT	FY 1987 PROPOSED APPORTIONMENT	PERCENT OF FY 1986
OHIO	4,490,100	2,409,728	54%
OKLAHOMA	977,811	524,767	54%
OREGON	3,124,704	1,676,953	54%
PENNSYLVANIA	8,947,313	4,801,806	54%
PUERTO RICO	6,251,434	3,354,993	54%
RHODE ISLAND	497,429	266,958	54%
SOUTH CAROLINA	1,562,864	838,751	54%
SOUTH DAKOTA	992,763	532,792	54%
TENNESSEE	1,700,694	912,721	54%
TEXAS	15,643,452	8,395,465	54%
UTAH	1,267,857	680,428	54%
VERMONT	494,347	265,304	54%
VIRGINIA	3,543,330	1,901,620	54%
WASHINGTON	2,986,221	1,602,633	54%
WEST VIRGINIA	3,263,018	1,751,183	54%
WISCONSIN	7,419,455	3,981,842	54%
WYOMING	931,742	500,043	54%
SUBTOTAL	$183,954,151	$99,237,781	54%
OVER 1,000,000 POPULATION	1,495,202,004	793,274,054	53%
200,000-1,000,000 POPULATION	325,254,961	183,217,905	56%
50,000-200,000 POPULATION	183,954,151	99,237,781	54%
NATIONAL TOTALS	$2,004,411,116	$1,075,729,740	54%

GRANT APPLICATIONS

Mr. Coughlin. Last year it was indicated that although very few cities submitted a single grant application for section 9 funds, some cities were submitting one application for operating funds and one later in the year for capital. What was the situation in fiscal year 1985 and what has it been to date during the current fiscal year?

Mr. McManus. I would say that generally it is still the same, however, the record does show that the number of grants being made for section 9 is decreasing so that I think that there is slowly some improvement in that situation.

AREAS WITHOUT MASS TRANSIT

Mr. Coughlin. Would you indicate for the record those areas without mass transit service which were entitled to receive section 9 funds in fiscal year 1985, including how much each area received?

[The information follows:]

UZA's Without Mass Transit Service

For urbanized areas under 200,000 population the Section 9 funds are apportioned to Governors for use in these areas within their States.

A recent survey of UMTA's regional offices revealed that the following UZA's did not have mass transit service in FY 1985:

Region III: Monesson, PA, Steubenville-Weirton, PA-WV.

Region IV: Anniston, AL, Dothan, AL, Decatur, AL, Fort Walton Beach, FL, Winter Haven, FL, Fort Pierce, FL, Naples, FL, Ocala, FL, Panama City, FL, Warner Robins, GA, Jacksonville, NC, Concord, NC, Burlington, NC, Hickory, NC, Goldsboro, NC, Rock Hill, SC, Spartanburg, SC, Anderson, SC.

Region V: Kokomo, IN.

Region VI: Fayetteville, Springdale, AR, Fort Smith, OK, Houma, LA, Lawton, OK. Bryan-College Station, TX, Harlingen-San Benito, TX, Killeen, TX, Longview, TX, McAllen, TX, Odessa, TX, Temple, TX, Texarkana, TX, Texas City, TX, Tyler, TX, Victoria, TX.

Region VII: Joplin, MO.

Region VIII: Bismarck, Mandan, ND, Cheyenne, WY.

Region IX: Yuma, AZ.

GRANTEE REVIEWS

Mr. Coughlin. Under the Surface Transportation Assistance Act you are required to review and evaluate the performance of a grantee at least once every three years. Last year you indicated that you had 118 reviews scheduled for fiscal year 1985. How many of these reviews did you complete?

Mr. McManus. We completed the 118 and as of this date, we have completed 168.

Mr. Coughlin. What did your reviews indicate with regard to the grantees' compliance with the statutory requirements reviewed?

Mr. McManus. Well, the most frequently cited deficiency has been and continues to be with property management, and that relates to the use of fleet, to spare ratios, to property records with respect to grant assisted funds. And the second most frequently cited deficiency refers to the maintenance certification. The third, which is about the same degree as with maintenance, would be factors related to compliance with policies under competitive procurement provisions.

Mr. **Coughlin**. How many such reviews do you plan in fiscal year 1986 and how many of these have been completed.

Mr. **McManus**. We plan 144 in this year and we have completed 55 to date.

PERSONNEL REDUCTIONS

Mr. **Coughlin**. To what extent are your personnel reductions affecting your ability to conduct these reviews?

Mr. **McManus**. I think that it is hard to comment on that at this point. We seem to be maintaining the schedules that we have called for of doing a third of the case load, each fiscal year, and the only thing that we have fallen a little bit behind on is the actual producing of reports following the field trips and the reviews.

But I think that is a case of getting accustomed to the stylized report that we want and that will improve.

Mr. **Dellibovi**. The other thing, Mr. Coughlin, that we are finding is that some of our field offices, particularly the small ones, are really on top of these things. We may be able to transfer the review teams and let them go to review a property in another office, if that is necessary.

So, we think that we will be able to cope with it with the existing and the reduced staff.

Mr. **Coughlin**. Mr. Chairman, while the trains are still running, I have to get a train for Philadelphia.

BUS AND BUS RELATED CAPITAL PROGRAM

Mr. **Lehman**. Last year you indicated that in fiscal year 1985 there would be a total UMTA capital program (sections 3, 5, 9A and 9) of $2.6 billion with an estimated $1.05 billion, or about 40 percent of these funds going into bus and bus facilities category. Under your proposed budget, how much do you believe would be obligated for buses or bus facilities in fiscal year 1987?

Mr. **McManus**. I think that is hard to estimate. It depends on how the grantees use the scaled-down resource as between the bus category and the rail category where there are integrated systems. It is just hard to estimate percentages.

Mr. **Lehman**. What has your experience been to date regarding the use of formula capital funds for bus purchases, bus facilities and other bus related equipment?

Mr. **McManus**. Our experience to date within the bus category is that 56 percent of the bus money has been used for bus purchases if that is the question—18 percent for garages and 26 percent for miscellaneous categories; rehabilitation and support facilities.

Mr. **Lehman**. We are talking about formula money not discretionary.

Mr. **McManus**. Well, the percentages that I have just recited are those for formula funds.

Mr. **Lehman**. What percentage of the total formula money goes for buses?

Mr. **McManus**. I have not calculated that.

Mr. Lehman. You can do it for the record if it will make it easier.

USE OF FORMULA CAPITAL FUNDS

Mr. McManus. The actual money used for or programmed for the bus category in this fiscal year is $784 million and for rail it is $534 million, and those are the two major categories. And for new starts, it is $129 million. We calculate the percentages from those basic numbers. There are some miscellaneous other uses.

Mr. Lehman. You can expand on that for the record.

And separate the formula from the discretionary.

[The information follows:]

The percentage of *total capital formula* money (including Bus, Rail Modernization, New Start and Planning Categories) which is programmed for the purchase of buses in FY 86 is 30 percent. However, within the Bus category, 56 percent of the funds is programmed for bus purchases while 18 percent and 26 percent are programmed for bus facilities and bus related equipment, respectively. The following table displays the intended use of formula funds for capital purposes in FY 1986.

FY 86 CAPITAL USE OF FORMULA FUNDS

[In millions of dollars]

Category	Programmed	Percent
Bus	785.0	53.8
Bus Purchases	438.4	30.0
Bus Facilities	144.9	10.0
Bus Other	201.7	13.8
Rail Modernization	534.6	36.6
New Systems	129.2	8.8
Planning	11.3	0.8
Total	1,460.1	100.0

BUS REPLACEMENTS

Mr. Lehman. Last year we discussed the drop in the annual replacement of standard buses. In spite of this drop in bus purchases, a recent Inspector General's report concluded that transit authorities nationwide may have 8,700 more buses on hand than would be authorized under the spare bus policy currently under consideration by your agency. Do you agree, and, if so, what has caused this situation?

Mr. McManus. Well, I do not know about the exact number but we generally agree with the observation that the Inspector General's report has made. We think that the situation has been caused by some drop in service, essentially.

Mr. Lehman. The Inspector General concluded that your agency lacks definitions for reporting and evaluating bus fleet requirements, has not defined how spare ratios should be calculated, lacks a clear definition of regional responsibility with respect to oversight of fleet utilization, lacks a system for classifying buses as active or inactive and also lacks a stockpiling or contingency needs policy.

What actions are you taking to address the concerns of the Inspector General?

Mr. **McManus**. Well, we are addressing all of those concerns. We have addressed them, as a matter of fact, with respect to the fleet requirements and the spare ratios, those factors, in an amendment to our section 9 circular during the past year, and the definitional problems we are addressing in the amendment to the Section 15 regulations.

Mr. **Lehman**. When is a bus a spare bus and when does it become something that is cannibalized?

Mr. **McManus**. That is what is being dealt with in the section 15 definitions.

IG METHOD OF DETERMINING BUS FLEET REQUIREMENTS

Mr. **Lehman**. In a subsequent report issued last September the Inspector General concluded that adoption of a 15-year life and 30 percent spare factor would reduce the number of eligible bus buys when compared with your proposed 12-year life and 20 percent spare factor. What is your position on this Inspector General report?

[The information follows:]

The Inspector General's report contains an innovative method of appraising the bus fleet requirements of UMTA grantees and projects possible savings in Federal funds by adjusting the presently accepted guidelines on bus life cycle and allowable spare ratios. The analysis provides some comparative data which we may utilize when assessing the effectiveness of our recently issued Section 9 Supplement to Circular 9030.1 on the same subjects over the next year.

However, we do not believe that the information base data for the report, which covers 14 grantees in Region IV, is typical of grantee operations nationwide. Vast differences in operations, local factors, climate, road conditions, etc., could have a marked effect on the proposed cost reductions and this we will attempt to assess as we analyze the effectiveness of our Section 9 supplement guidelines in the future period.

AGE OF BUS FLEET

Mr. **Lehman**. Would you provide for the record a breakdown of the number of buses that are 16 years old or older, those 11 to 15 years old, those 6 to 10 years old, and compare this age breakdown to that of three years ago?

[The information follows:]

AGE OF BUS FLEET

Age	Number of buses			
	Sec. 15. 1981 Data	Sec. 15. 1982 Data	Sec. 15. 1983 Data	Sec. 15. 1984 Data
16 plus years old	10,625	12,905	10,407	8,714
11 to 15 years old	9,713	7,855	9,860	9,942
6 to 10 years old	16,581	17,955	16,433	16,036
0 to 5 years old	16,742	17,394	18,076	18,762
Total	53,661	56,109	54,776	53,454

BUS PURCHASES

Mr. **Lehman**. Would you update for the record, on page 860 of last year's hearing record, showing bus purchases under your various programs?

[The information follows:]

BUS PURCHASES UNDER UMTA PROGRAMS (ALL SIZES)

Fiscal year	Section 3	Sections 5/ 9A/9	Interstate Transfer (transit)	Federal-aid Urban System	Total
1977	3,200	472	0	126	3,798
1978	3,620	331	0	41	3,992
1979	1,020	1,611	209	99	2,939
1980	1,773	2,191	181	78	4,223
1981	2,790	1,647	129	45	4,611
1982	1,912	1,290	37	11	3,250
1983	1,714	1,134	3	12	2,853
1984	174	2,256	33	17	2,480
1985	83	2,564	68	6	2,721

Note: The chart does not include the small vehicles purchased under Section 16(b)(2) nor vehicles purchased under Section 18 in rural areas.

BUS REHABILITATION

Mr. **Lehman**. According to the information you provided last year the average rehabilitation cost was about $65,000 per bus with an average life extension of 5 years.

What is your view of the cost effectiveness of rehabilitations which exceed this average?

Mr. **McManus**. Well, we have dealt with that also in the circular, in a policy, so that the question has to get answered every time someone wants to rehabilitate, in terms of cost-effectiveness.

For example, we require this test, that the total cost of rebuilding a bus normally cannot exceed the yearly amortized value, on the straight line depreciation method, of a new bus multiplied by the number of years of useful life that is added to the bus through rebuilding. So, rather than having to declare whether $65,000 or $75,000 or $55,000 is a good number, this test is the key test.

Mr. **Lehman**. What is your current policy regarding bus rehabilitation—do you have a maximum cost limitation on the Federal contributions for rehabilitation projects?

[The information follows:]

Our policy is expressed in the following excerpts from UMTA Circular 9030.1 on the UMTA Section 9 program.

Rebuilding. Buses to be rebuilt should be at the end of a minimum normal service life (i.e. 12 years old or 500,000 miles for standard size buses) and in need of major structural and/or mechanical rebuild. For purposes of bus rebuilding grant applications, the age of the bus at the time the rebuilding work is to start will be used. Bus rebuilding must be more cost effective than the purchase of a new equivalent sized transit coach. Thus, the total cost of rebuilding a bus should normally not exceed the yearly amortized value (straight line method) of a new bus multiplied by the number of years of useful life to be added to the bus through rebuilding. The service life of the total bus (not just some component) must be extended by no less than five years, or, in the case of smaller buses, at least 40% of its normal service life. Bus rebuilding work should normally be procured competitively from private sector sources unless there are mitigating circumstances that preclude this action. Such determining factors may include existing labor agreements, cost effectiveness, and time of performance. However, if done in house, there should be no interference with normal bus maintenance activities. Further, such in-house rebuilding should not be construed as an existing condition or right to be included in a future 13(c) agreement.

Extenuating Circumstances. UMTA recognizes that any program guideline may fail to take cognizance of legitimate local conditions that require relief from a general guideline. One general guideline, however, for handling a variety of extenuating circumstances is this: buses may be rebuilt, if they have reached at least one-half the minimum normal service life expectancy and continued operation is judged by the grantee to be unsafe or uneconomical. Federal participation in such early rebuilding, however, will be at a reduced Federal share.

The rate of Federal participation in the early rebuilding of a bus will not exceed an amount equal to: 80% (full Federal participation) multiplied by the percentage of the value that has been amortized (straight-line) of the vehicle that is rebuilt.

BUS PURCHASES

Mr. **LEHMAN**. Would you indicate for the record, how much was obligated on bus purchases by UMTA during fiscal year 1985 and many (full size and articulated) buses were purchased?

[The information follows:]

During FY 1985, UMTA, obligated approximately $300 million for the purchase of 2,050 full size buses and 100 articulated buses.

Mr. **LEHMAN**. Would you provide similar data for fiscal year 1985 bus rehabilitations, including the average life extensions for rehabilitated buses?

[The information follows:]

In FY 1985, UMTA financed the rehabilitation of approximately 50 full size buses at an approximate Federal share of $2.2 million. It is expected that these vehicles will have an average life extension of 5 years.

PORTLAND LETTER OF INTENT

Mr. **LEHMAN**. What is the status of your letter of intent with Portland for improved bus service?

Mr. **MCMANUS**. Portland has not applied for the Letter of Intent amount. They are having troubles with the local share still.

Mr. **LEHMAN**. Do you have any other outstanding commitments for bus projects?

Mr. **MCMANUS**. No, we do not.

BUS FACILITY PROJECTS

Mr. **LEHMAN**. Would you update for the record, the listing included on page 863 of last year's hearing record showing bus facility projects that have completed engineering studies and are ready for implementation in fiscal years 1986 and 1987?

[The information follows:]

The following urbanized areas have completed preliminary engineering and are requesting Section 3 funds to begin implementation:

Federal share

UZA	*Millions*
Rutland, VT	$0.5
Nashua, NH	1.0
New York, NY	11.3
Washington, DC	9.5
Chicago, IL (2 Facilities)	11.1
Non-UZA's in Michigan (12 Facilities)	4.1
Houston, TX	18.3

Austin, TX	8.5
Denver, CO	17.6
Tacoma, WA	4.0

Mr. **Lehman**. Would you also indicate for the record the five largest bus procurement grants awarded during the past year?

[The information follows:]

LARGEST BUS PROCUREMENT IN FY 1985 (SECTION 3)

UZA	Number of Buses (Type)	Section 3 Federal Share
Dallas	70 Articulated Buses	$12,000,000
Dallas	10 Standard Buses	1,327,196

Note: These were the only Section 3 bus procurements in Fiscal Year 1985.

RAIL MODERNIZATION

Mr. **Lehman**. We have already discussed your rail modernization needs study to some extent. Last year it was indicated that in fiscal year 1985 approximately $1.1 billion was estimated to be allocated to rail modernization.

Under your proposed budget, how much do you estimate will be allocated to rail modernization in fiscal year 1987?

Mr. **Dellibovi**. Approximately half of the formula allocation would go to the rail mod cities, and they could use it as they see fit.

Mr. **Lehman**. Last year it was indicated that under your proposed formula program the rail properties would have received about 48 percent of the funds, or about $525 million. This, of course, is far below the $850 million, which you have indicated in the past years is needed in order to keep the rail transit deferred maintenance backlog from getting any worse.

Which of the rail cities do you believe will be most adversely affected by this shortfall in Federal rail assistance?

Mr. **Dellibovi**. We are proposing formula allocations so that the proportional effect on each of them would be the same.

Mr. **Lehman**. If you want to explain this formula for the record, it might be of some help.

Mr. **Dellibovi**. We could submit a breakdown for the record of what would be the situation.

[The information follows:]

We are proposing to utilize the apportionment formulas under Section 9A of the UMT Act of 1964, as amended. The Surface Transportation Assistance Act of 1982 established Section 9A for FY 1983. The entire estimated apportionment for FY 1987 was provided earlier.

The funds would be distributed according to the legislative formulas for Sections 9A and 18 as follows:

RURAL AREAS

Non-urbanized areas with population under 50,000 would receive 2.93 percent with the amount each state received based on the State's percentage of the Nation's rural population.

SMALL URBANIZED AREAS

Urbanized areas under 200,000 population would receive 8.64 percent with 50 percent based on population and 50 percent based on population density.

LARGE URBANIZED AREAS

Urbanized areas over 200,000 population would receive 88.43 percent. Of this amount, 66.71 percent would be apportioned with 50 percent based on bus revenue vehicle miles, 25 percent based on population density. The other 33.29 percent would be apportioned with 60 percent based on fixed guideway revenue vehicle miles and 40 percent based on fixed guideway route miles.

The Section 9A formula differs from the Section 9 formula inasmuch as it does not have incentive factors.

Under the Section 9A formula, the following rail cities will have approximately $494 million or 46 percent of the overall formula resources available to them to allocate between bus and rail:

San Francisco	$43,827,292
Boston	31,983,440
Chicago	85,731,232
Cleveland	5,671,037
New York/NE New Jersey	263,302,107
Philadelphia	47,838,571
Pittsburgh	15,269,210
Total	493,622,889

It will be each city's choice as to how to split the $494 million between bus and rail activities during the program year.

RAIL MODERNIZATION DISCRETIONARY FUNDS

Mr. LEHMAN. Last year you indicated that your approach in distributing rail modernization funds in fiscal year 1984 was to hold the properties harmless so that they received no less than they received when there was a larger section 3 program.

What criteria did you use in distributing your fiscal year 1985 funds and how do you intend to distribute your rail modernization funds this year?

Mr. DELLIBOVI. Basically, we used the same criteria as in 1985. We looked at what the average percentage was that the rail mod properties had received in the past and then compared that to the projects available, looking for projects that would bring the greatest benefit for the dollars invested. That is one of the reasons why it did take us later in the calendar year than normal, and we ended up basically coming out with about the same proportion as in the past.

Mr. LEHMAN. Last year it was indicated that you had two outstanding rail modernization commitments, San Francisco and Boston. What is the status of these?

Mr. MCMANUS. Both of them will be retired this year.

Mr. LEHMAN. Are there any other outstanding modernization projects?

Mr. MCMANUS. No, there are not.

CAPITAL OBLIGATIONS FOR OLD RAIL CITIES

Mr. LEHMAN. Would you update through fiscal year 1986 the table on pages 866 and 867 of last year's hearing record showing capital obligations for the old rail cities?

[The information follows:]

CAPITAL OBLIGATIONS FOR OLD RAIL CITIES

(Dollars in Millions)

	1982	1983	1984	1985	1986(Est.)
Boston					
Section 3	84.5	73.2	70.4	121.2	N/A
Formula	6.6	27.1	33.0	46.1	63.6
Total	91.1	100.3	103.4	167.3	N/A
Chicago					
Section 3	182.6	141.1	63.6	130.3	N/A
Formula	20.7	80.8	115.8	116.1	169.9
Total	203.3	221.9	179.4	246.4	N/A
Cleveland					
Section 3	25.3	9.9	7.7	32.9	N/A
Formula	4.2	10.8	16.4	4.2	22.3
Total	29.5	20.7	24.1	37.1	N/A
New Jersey					
Section 3	116.6	107.3	54.2	39.0	N/A
Formula	21.2	44.6	66.9	131.0	24.8
Total	137.8	151.9	121.1	170.0	N/A
New York					
Section 3	258.2	298.8	153.5	187.7	N/A
Formula	36.9	178.7	283.8	473.1	612.1
Total	295.1	477.5	437.3	660.8	N/A
Philadelphia					
Section 3	116.2	149.0	74.9	145.6	N/A
Formula	9.9	43.2	59.9	60.8	91.9
Total	126.1	192.2	134.8	206.4	N/A
Pittsburgh					
Section 3	95.0	65.3	79.0	63.5	N/A
Formula	4.1	10.0	22.3	23.6	39.6
Total	99.1	75.3	101.3	87.1	N/A

CAPITAL OBLIGATIONS FOR OLD RAIL CITIES
(Dollars in Millions)

	1982	1983	1984	1985	1986(Est.)
San Francisco					
Section 3	89.2	125.5	74.0	55.0	N/A
Formula	11.1	39.8	78.8	79.6	110.6
	100.3	165.3	152.8	134.6	N/A
All Old Rail Cities					
Section 3	967.6	970.1	577.3	775.2	N/A
Formula	114.7	435.0	676.9	934.5	1134.8
Total	1082.3	1405.1	1254.2	1709.7	N/A

RAIL RIDERSHIP

Mr. **Lehman**. Would you update for the record, the rail ridership statistics shown on page 868 of last year's hearing record?

[The information follows:]

Rail ridership statistics

[January 1, 1984 through December 31, 1984]

	Millions
Rapid Rail:	
New York (NYCTA)	1,541.8
New York (PATH)	59.8
Chicago	153.4
Boston	131.5
Philadelphia (SEPTA)	103.9
Philadelphia (PATCO)	10.2
Washington	108.6
San Francisco (BART)	62.5
Atlanta	49.4
Cleveland	6.0
Baltimore	3.4
Miami	.8
Light Rail:	
San Francisco (MUNI Light Rail)	60.7
Philadelphia (Light Rail)	47.3
Boston (Light Rail)	20.9
New Orleans	6.4
San Diego	5.4
Cleveland (Light Rail)	4.6
Pittsburgh	4.1
Newark (Light Rail)	2.7
Seattle (Light Rail)	.6

Source: 1984 Section 15 Annual Report.

RAIL MOD OBLIGATIONS

Mr. **Lehman**. Would you also update for the record the table on rail modernization obligations for fiscal years 1979 through 1986 as shown on page 88 of our fiscal year 1986 Committee report (H. Rept. 99-256)?

[The information follows:]

RAIL MODERNIZATION OBLIGATIONS--FISCAL YEARS 1979-1986

[In millions, by fiscal year]

Urbanized area	1979	1980	1981	1982	1983	1984	1985	1986 [1]
Boston	41.5	52.3	65	63	69.3	70.3	24.9	48.5
New York	190.6	232	285	252.5	283	153.2	[2] 161.3	64.3
NE New Jersey	97	110	116.5	95.8	82	39.2	24.5	16.7
Philadelphia	92.6	75	90.5	94.4	105.1	63.7	6	55.5
Pittsburgh	28.6	66.9	92.8	81.5	50	79	42.8	0
Chicago	105	120	130	133.4	116.2	60	43.3	28.5
Cleveland	43	33	45	18	9.9	7.7	11.3	0
San Francisco	17.4	30	54.4	62.1	70.9	66.1	26.5	19
Others	26.3	40,8	46.4	48.2	83.6	6.3	2.4	32.9
Unobligated								384.2
Total	642	760	925.6	848.9	870	545.5	343	649.6

[1] Includes obligations thru March 31, 1986.

[2] The FY 85 section 3 total for New York includes $75.1 million in prior year deobligated funds reobligated in FY 85.

PENDING APPLICATIONS

Mr. **Lehman**. Would you indicate for the record the major pending applications for rail transit and commuter rail vehicles?

[The information follows:]

SECTION 3 PENDING APPLICATIONS FOR RAIL AND COMMUTER RAIL VEHICLES

UZA	Grantee	Description	Federal share
NE New Jersey	NJT	Purchase 8 locomotives	$15,000,000
SW Connecticut	CONNDOT	Purchase 2 locomotives	3,500,000
Philadelphia, PA	SEPTA	Purchase 26 light vehicles for NHSL	30,000,000
Chicago, IL	CTA	Purchase 40 rapid cars	26,944,800
San Francisco, CA	BART	Purchase 30 rapid cars	30,000,000

NEW STARTS

Mr. **Lehman**. I assume new start construction would still be eligible under your block grant program. How much formula money was used for new start construction in fiscal year 1985 and how much do you estimate will be used in fiscal year 1986?

Mr. **McManus**. In 1985, it was $50 million and then in 1986, $129 million is programed.

Mr. **Lehman**. Would you update for the record the information on page 870 of last year's hearing record showing the outstanding new start project instruments?

[The information follows:]

OUTSTANDING NEW START PROJECT INSTRUMENTS
($'s in Millions)

FULL FUNDING CONTRACTS

UZA	PROJECT	BASE FEDERAL CONTRACT AMOUNT	REMAINING BALANCE
Portland	Banfield	$145.0 (I.T.)	-0-
	15-mile LRT	$ 92.8 (Sec. 3)	$15.6
Detroit	2.9 Mile CATA	$110.0 (Sec. 3)	-0-
		47.2 (Sec. 9)	$33.1
Sacramento	LRT	$ 88.1 (I.T.)	$16.0
		$ 2.4 (Sec. 9A)	-0-
San Jose	LRT	$205.8 (Sec. 3)	$80.7
		51.9 (Sec. 9)	24.6
Jacksonville	Automated	$ 15.5 (Sec. 3)	-0-
	Shuttle	$ 7.6 (Sec. 9A)	$ 5.9

LETTERS OF NO PREJUDICE

UZA	PROJECT	ORIGINAL AMOUNT	REMAINING BALANCE
Atlanta	20 Rail Cars	$ 11.5	$11.5
Atlanta	A/P Station-Design	$ 1.1	$ 1.1
Atlanta	A/P Station-Constr.	$ 6.6	$ 6.6
Atlanta	Rail Constr. Phase B-2	$381.6	$ 45.0
Atlanta	Rail Constr. Phase C	$ 69.0	$ 69.0
Los Angeles	Methane Study	$ 1.0	$ 1.0

NEW SYSTEM COSTS TO COMPLETE

Mr. **Lehman.** Would you also update for the record the table on new systems projects included on page 91 of our fiscal year 1986 Committee Report (H. Rept. 99-256) and include similar information for the Buffalo project for which funds were earmarked by the conference?

[The information follows:]

NEW SYSTEM PROJECTS

[In millions of dollars]

City and project	Total cost	Section 3 share	Prior year earmarks	Fiscal year 1986 earmarks [1]	Remaining section 3 cost [2]
Atlanta—Phase C	643	178	0	66	112
Buffalo—LRT	530	407	406	1	0
Houston—SW Busway	100	52	0	52	0
Los Angeles—MOS-1 (4.4 miles)	1,175	606	306	97	203
Miami—Metromover Ext. (2.5 miles)	240	180	72	36	72
Portland—Banfield LRT	287	93	77	9	7
St. Louis—Airport LRT	[3] 250	250	10	13	227
San Diego—East Urban LRT	85	20	11	9	0
Santa Clara—Guadalupe LRT	405	205	125	62	18
Seattle—Bus Tunnel	395	197	22	24	151
Total	4,110	2,188	1,029	369	790

[1] Post Gramm-Rudman-Hollings.

[2] In current dollars.

[3] Plus local inkind contribution.

Note: Total cost estimates for St. Louis and Miami are very preliminary.

DENVER

Mr. **Lehman.** Last year it was indicated that you expected Denver to complete the systems planning phase for its North Central Busway project in June of 1985.

Assuming there is Federal funds available, would you consider this to be a cost-effective project?

Mr. **McManus.** They did complete the systems planning. They began an alternatives analysis last fall and they are well into it. They expect to complete that phase of planning this fall. The information that we have is that they are basically giving most attention to one and two HOV bus lanes instead of light rail or busways or highway widenings. And the range of costs that they are considering for the projects is from $100 to $250 million.

Mr. **Lehman.** Will each be four passenger?

Mr. **McManus.** Well, I do not know what the occupancy is, whether it is three or four, but it is HOV and one or two lanes.

POTENTIAL NEW START PROJECTS

Mr. **Lehman.** Would you update for the record the listing of potential section 3 new start projects included on pages 874 and 875 of last year's hearing record?

[The information follows:]

NEW START PROJECT PIPELINE
(ESTIMATED SECTION 3 FUNDING DEMAND)
($ IN MILLIONS)

AREA	CORRIDOR	LENGTH (MI.)	EST. TOTAL COST (INFLATED $)	SECTION 3 FUNDS OBLIGATED	EST. SEC. 3 COST TO COMP. (INFLATED $)	EST. DATE TO COMPLETE THIS PHASE
Under Construction						
1. Atlanta	North/South - Phase C	10.6	$ 643	$ 0.0	$ 178	1989
2. Baltimore	Northwest (Section B)	6.2	180	8.8	0 a/	07/87
3. Detroit	Downtown (CATS)	2.9	210+	110.0	0	1987
4. Houston	NW Busway	13.5	105	40.5	0	1988
5. Jacksonville	Downtown (ASE)	0.7	30	17.0	0	1988
6. Miami	Downtown - Metromover	1.9	150	66.1	0	Open
7. Portland	Banfield	15.0	290	93.0	16 a/	09/86
8. Sacramento	Northeast (I-80)	18.3	166	0.0	0 a/	03/87 (Phase1) 09/87 (Phase2)
9. San Jose	Guadalupe	21.0	405	125.0	80	12/87
	SUBTOTAL				$ 274	
Final Design						
1. Los Angeles	Wilshire	18.6	3300	177	$2,000	----
	(MDS)	8.8	(2100)	(177)	(1,150)	----
	(MDS-1)	4.4	(1175)	(177)	(429)	1986
2. Houston	SW Busway	9.5	100	0	55	05/86
3. Seattle	Downtown	1.3	395	21.5	175	06/86
4. Washington	Green Line	17.2	2100	0	1,100	1990
(Beyond Stark-Harris)	Yellow Line	7.0	300	0	100	1990
	Red Line	1.8	310	0	250	1990
	SUBTOTAL				$3,680	
Preliminary Engineering						
1. Baltimore	Northeast	1.3	335	0	0 a/	06/87
2. Chicago	Southwest	9.3	495	0	0 a/	09/86
3. Jacksonville	Downtown Ext.	1.8	100	0	75	----
4. Miami	DPM Extensions	2.5	240	0	180	10/87
5. Portland	Westside	15.5	240	0	175	1986
6. St. Louis	Airport	18.0	250	2	250	09/86
7. San Diego	East	11.1	88	0	21	09/86
	SUBTOTAL				$ 701	

AREA	CORRIDOR	LENGTH (MI.)	EST. TOTAL COST (INFLATED $)	SECTION 3 FUNDS OBLIGATED	EST. SEC. 3 COST TO COMP. (INFLATED $)	EST. DATE TO COMPLETE THIS PHASE
Alternatives Analysis b/						
1. Boston	Orange Line Rep.	2.0	$ 30	$ 0	$ 25	09/86
2. Cleveland	Dual Hub	5.6	500	0	400	1987
3. Columbus	North	6.6	80	0	60	1986
4. Denver	North Central	11.0	160	0	40	09/86
5. Honolulu	Central	8.0	1000	5	745	1987
6. Milwaukee	Northwest	17.0	160	0	120	1987
7. Minneapolis	SW/University	24.5	250	0	200	1987
8. San Francisco	North Concord	2.6	800	0	600	1987
9. San Jose	Fremont-South Bay	10.8	675	0	500	1988
	SUBTOTAL				$2690	
			GRAND TOTAL		$7345	

Systems Planning Studies

In addition to the projects noted above, at least 30 cities are considering fixed guideway transit projects as part of their ongoing systems planning studies. The potential funding demand from these projects is difficult to estimate, given the preliminary nature of the cost analyses performed in systems planning and the wide range of investment alternatives being discussed. Moreover, many of these projects may not be advanced in the forseeable future. If all of these projects were advanced, however, it is reasonable to expect a Sectionn 3 funding demand in excess of $10 billion.

FOOTNOTES:

a. Additional funding to be provided under the Interstate Transfer program.

b. In some cases, alternatives analysis cost estimates are rough approximations of potential costs. More reliable estimates based upon conceptual engineering become available toward the end of the alternatives analysis phase.

VALUE ENGINEERING

Mr. **Lehman**. On page 72 of your justifications, your value engineering savings total about $122 million. What is the status of your permanent value engineering guidelines that were referred to in your fiscal year 1986 budget justifications?

Mr. **Gimmler**. The award for the contract to prepare those guidelines was awarded to an MBE firm in January. They have compiled a survey of Federal agencies and their Value Engineering (VE) practices, procedures and requirements.

They will deliver guideline manuals and in addition, will prepare a one-week course for our regional offices and others interested in those guidelines.

Mr. **Lehman**. Your justification indicates that the value engineering study on the St. Louis light rail project was to have been completed last month.

What were the results of that study?

Mr. **Gimmler**. Value engineering is normally done at the preliminary engineering stage, that is, 30 percent into final design. St. Louis has not yet reached that stage so that they have not yet undertaken any value engineering.

Mr. **Lehman**. Is that a surface level project or an elevated project?

Mr. **Stanley**. It is mostly at surface level and it crosses a river. But it would be at surface, other than that for the bridge and a short section downtown, which would use an existing tunnel.

Mr. **Lehman**. Would there be a traffic problem?

Mr. **Stanley**. No. It would use existing railroad right-of-way for most of the project.

Mr. **Lehman**. What is the status of the value engineering study on the Chicago-southwest rail project?

Mr. **Gimmler**. The Chicago-southwest rail project has been subject to value engineering. They are currently considering recommendations that would lead to a 10 percent reduction in the cost of that project.

Mr. **Lehman**. To what extent have value engineering cost reduction recommendations been accepted by the transit authorities?

Mr. **Gimmler**. That is a difficult question to answer in general because it does vary dramatically from individual project to individual project. I can supply an answer for the record, if you care, Mr. Chairman.

[The information follows:]

VALUE ENGINEERING

Value engineering has been applied and accepted by the industry on the following projects:

[In millions of dollars]

Project	Estimated project cost	VE savings
Los Angeles Wilshire Rail	3,300	37.6
San Jose Light Rail	407	12.1
North Jersey Coast Line Commuter Rail	90	6.1
Downtown Seattle Bus Tunnel	478	63.0

[In millions of dollars]

Project	Estimated project cost	VE savings
Houston-NW Transitway	105	3.1
Chicago-SW Rail Line	496	(1)
St. Louis Light Rail	250	(1)
Total	5,126	121.9

[1] Recommendation currently being evaluated.

LETTERS OF NO PREJUDICE

Mr. LEHMAN. Last year you had 30 outstanding letter of no prejudice amounting to $618 million. What is your current situation?

[The information follows:]

LETTERS OF NO PREJUDICE

As of March 10, 1986, UMTA has 27 outstanding letters of no prejudice amounting to $340.5 million.

Mr. LEHMAN. Would you update for the record the listing of letters of no prejudice contained on pages 877 through pages 884 of last year's hearing record.

[The information follows:]

OUTSTANDING
LETTERS OF NO PREJUDICE
REGIONAL SUMMARY

REGIONAL	BALANCE
1	$8,400,000
2	92,332,000
3	0
4	133,204,912
5	0
6	32,900,174
7	0
8	4,500,000
9	27,426,162
10	41,750,000
	$340,513,248

SECTION	PROGRAM	NO. OF LETTERS	BALANCE
3	Discretionary	6	$138,204,912
9	Formula	14	102,608,162
23	Interstate	1	8,400,000
-	Unspecified	6	91,300,174
		27	$340,513,248

OUTSTANDING
LETTERS OF NO PREJUDICE
CATEGORY SUMMARY

	CATEGORY	NUMBER		AMOUNT ($)
C.	Rail Modernization and Bus	21		$206,308,336
	1. Local Match Only	(5)	(89,865,600)	
	2. Total Project	(16)	(116,442,736)	
D.	New Systems	6		$134,204,912
	TOTALS	27		$340,513,248

LETTERS OF NO PREJUDICE CATEGORIES

A. Emergency Situations - This category allows a locality to incur expenses when transportation services are in danger of being halted due to safety reasons, equipment failures or failure to expeditiously acquire the assets of a private operator.

B. Post-Grant No Prejudice Actions - Allow grantees to pay for unexpected cost increase beyond the amount indentified in an approved project budget without disqualifying these costs from inclusion in a subsequent amendment.

C. Bus and Rail Modernization - This category allows a locality to incur expenses for bus and rail modernization projects.

(1) Local Match Only - This subcategory allows a locality to incur expenses, the value of which will be allowed to be credited towards future transit projects. At the time no prejudice authority is granted, the ultimate UMTA project may or may not have been specified.

(2) Total Project - This subcategory allows a locality to incur expenses towards an identified transit project.

D. New Starts - This category allows a locality to proceed with preliminary engineering, land acquisition, design, and construction of new rail system projects.

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 1

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
MA-23-9013	MBTA Boston	Needham Branch Corridor	5/9/85	9/30/86	8,400,000	$8,400,000	C-2

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 2

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
NJ-XX-XXXX	NJTC	250 Buses ($19,300,000 in Port Authority funds)	8/2/85	8/2/87	57,900,000	57,900,000	C-1
NY-90-XXXX	Suffolk County	R.O.W. acq. Parking constr.	5/29/85	5/29/87	7,160,000	7,160,000	C-2
NY-90-XXXX	Westchester County	14 buses ($5,118,000 in Port Authority funds)	7/29/85	7/29/87	20,472,000	20,472,000	C-1
NY-90-XXXX	Rockland County	14 buses ($1,700,000 in Port Authority funds)	8/6/85	8/6/87	6,800,000	6,800,000	C-1
						92,332,000	

OUTSTANDING LETTERS OF NO PREJUDICE —
REGION 4

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
GA-03-0008	MARTA	20 rail cars Phase B-2	8/24/78	none	11,552,112	11,552,112	D
GA-03-0008	MARTA	Design: Airport Station Phase C	8/25/78	none	1,088,000	1,088,000	D
GA-03-0023	MARTA	Construction: Airport Station Phase C	5/30/79	none	6,564,800	6,564,800	D
GA-03-0023	MARTA	Construction Phase B-2	12/15/80	9/30/87	381,625,812	45,000,000	D
GA-03-0029	MARTA	Construction Phase C	1/8/86	9/30/86	69,000,000	69,000,000	D
						133,204,912	

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 6

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
LA-03-0024	MRBA New Orleans	Land: Bridge Bus Lanes	4/8/83	9/30/87	5,000,000	5,000,000	C-2
TX-XX-XXXX	Houston	Maint. Fac.	9/5/85	9/5/87	19,517,840	19,517,840	C-2
LA-XX-XXXX	RTA New Orleans	50 Buses	12/9/85	12/9/87	6,212,334	6,212,334	C-2
TX-XX-XXXX	Austin	Maint. Fac.	2/6/86	6/1/87	2,170,000	2,170,000	C-2
						32,900,174	

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 8

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
CO-XX-XXXX	Denver	Maint. Fac. ($1,500,000 in local funds for land acq.)	5/4/79	None	4,500,000	4,500,000	C-1

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 9

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
CA-90-X105	Caltrans	Station Acq.	4/2/84	9/30/86	12,670,000	3,500,000	C-2
CA-90-XXXX	SCRTD	Land Acq. for bus Maint. Facility	1/15/86	6/30/87	14,532,905	14,532,905	C-2
CA-90-XXXX	Central Contra Costa T.A.	Administrative Facility	4/10/85	9/30/86	2,320,630	2,320,630	C-2
CA-90-X144	Sunline Transit	Additional Cost Maint. Fac.	8/16/85	6/30/86	137,000	137,000	C-2
CA-90-XXXX	Napa	Design Bus Transfer ($48,400 local funds)	11/1/85	9/30/86	193,600	193,600	C-1
AZ-90-XXXX	Phoenix	Land Acq.	12/21/85	9/30/86	640,000	640,000	C-2
CA-90-XXXX	SCRTD	Maint. Fac.	1/15/86	9/30/86	320,000	320,000	C-2
CA-90-XXXX	Bakersfield	30-Buses	1/15/86	9/30/86	3,742,440	3,742,440	C-2
CA-XX-XXXX	SCRTD	Methane Study	2/18/86	9/30/86	1,000,000	1,000,000	D
CA-90-X128	OCTD	Reporting System	2/18/86	9/30/86	715,800	715,800	C-2
CA-90-XXXX	Santa Rosa	5 Buses	3/10/86	9/30/86	323,787	323,787	C-2

						27,426,162	

OUTSTANDING LETTERS OF NO PREJUDICE
REGION 10

Project Number	Grantee	Description	Date Issued	Expiration Date	Original Amount($)	Remaining Balance($)	Category
WA-90-X000	Seattle Metro	157 diesel coaches and 46 artic-trolleys or 58 dual propulsion coaches	7/12/84	6/30/86	41,750,000	41,750,000	C-2

FISCAL YEAR 1986 LETTER OF NO PREJUDICE

Mr. **Lehman**. How many letters of no prejudice have been issued to date during the current fiscal year?

[The information follows:]

During FY 1986, UMTA has issued eleven letters of no prejudice totalling approximately $99.9 million.

LETTERS SCHEDULED TO EXPIRE

Mr. **Lehman**. According to last year's hearings, there were numerous letters of no prejudice which were to expire during the past year. These include letters to Boston, Buffalo, Atlanta, New Orleans, Houston, Caltrans, and San Mateo.

Would you indicate for the record, what you have done with these?

[The information follows:]

Actions taken by UMTA on letters which were to expire on or before September 30, 1985, are as follows:

Grantee/Project	Amount	Action Taken
Boston/Rehab. Rail Cars	$16,684,506	Expired.
Buffalo/Rail Construction	5,000,000	Expired.
Atlanta/Rail Construction	45,000,000	Extended.
New Orleans/Bus Maint	2,910,968	Expired.
Houston/Buses	21,542,790	Obligated.
San Mateo/Land Acq	2,033,956	Obligated.
Caltrans/Rail Car Cost Increase	2,550,000	Expired.
Caltrans/Station Acq	3,500,000	Extended.
San Mateo/Maint. Fac	12,499,000	Obligated.

PLANNING AND TECHNICAL STUDIES

Mr. **Lehman**. On page 56 of your justifications you state that in 1987 you will provide $30.5 million for planning and technical studies (section 8) largely on the basis of a 1980 census population-based distribution.

What portion of these funds will not be distributed on a population basis and how will those funds be distributed?

Mr. **McManus**. The only——

Mr. **Lehman**. And two, what is the basis for the $30.5 million request?

Mr. **McManus**. The basis for the $30.5 million was just a proportional scaling down of that program resource consistent with the reduction in the total program level.

The only amount that we do not distribute on a population basis is an amount that we set aside for special studies, i.e., Congressionally directed studies and studies of national importance as determined by the Administrator. We have used it, for example, in the past two years in connection with construction management oversight problems that are of national importance. That would be the only portion that would not be distributed on a population basis, perhaps 5 percent of the resources.

Mr. LEHMAN. In the past, these planning funds have been distributed as follows: 85 percent to metropolitan planning organizations, 10 percent to states, and 5 percent to special studies. Do you intend to make a similar distribution in fiscal year 1987?

Mr. MCMANUS. I would say it would be similar, yes.

USE OF SECTION 8 FUNDS

Mr. LEHMAN. Would you update for the record, the table on page 887 of last year's hearing record showing how these planning funds have been used over the past 10 years?

[The information follows:]

SECTION 8 TECHNICAL STUDIES BUDGET LINE ITEMS

[In thousands of dollars]

	1976	TQ	1977	1978	1979	1980	1981	1982	1983	1984	1985
Staff Salaries	14,138	33,617	14,688	18,700	21,121	15,015	14,656	17,398	15,768	17,060	17,438
Travel	378	97	432	550	548	429	336	355	378	400	340
Equipment and Supplies	1,147	290	1,728	1,110	1,475	1,293	759	1,413	1,650	640	540
Contractural	18,670	4,727	22,032	28,600	25,278	33,000	23,345	27,448	26,278	24,080	25,066
Overhead	2,154	545	3,024	4,950	6,179	4,620	5,290	6,825	5,869	6,800	5,751
Contingencies	1,465	371	1,296	1,090	399	643	614	561	57	1,020	865
Total	37,952	39,647	43,200	55,000	55,000	55,000	45,000	54,000	50,000	50,000	50,000

PLANNING GRANT RECIPIENTS

Mr. LEHMAN. Would you also update for the record, the table on page 889 of last year's hearing record showing the largest recipients of these funds?

[The information follows:]

LARGEST RECIPIENTS OF SECTION 8 PLANNING GRANTS

	1980	1981	1982	1983	1984	1985
New York	7,051,855	[1]4,400,252	[1]4,013,024	[1]3,847,000	[1]3,663,000	[1]3,754,000
Los Angeles	3,934,000	2,892,000	3,805,000	3,501,500	3,828,912	3,741,000
Chicago	2,150,000	1,829,000	2,150,000	2,320,116	2,300,000	2,455,200
Philadelphia	2,344,032	1,700,000	1,901,036	1,512,000	1,632,000	1,654,400
San Francisco	2,041,000	1,616,000	2,115,000	1,630,000	1,315,836	1,647,500
Detroit	1,663,464	1,184,000	1,627,750	1,322,000	1,362,800	1,363,000
Washington, D.C.	2,186,422	1,223,520	2,184,232	1,029,620	1,026,152	1,194,636
Miami	691,400	478,754	720,000	494,000	523,000	540,000
Boston	36,900	778,000	1,050,000	1,045,300	965,000	963,200
Houston	1,100,000	1,018,320	664,000	1,120,000	808,000	1,135,000
Cleveland	1,222,400	672,000	702,000	672,000	817,000	626,600
Seattle	606,000	679,463	1,504,000	1,105,560	506,000	514,400
Atlanta	1,221,472	1,120,720	921,120	936,800	732,076	769,548
St. Louis	825,000	633,800	710,000	1,090,000	620,000	620,000
Denver	550,000	520,000	433,300	484,320	499,776	454,400
Baltimore	701,700	624,900	965,172	1,009,908	609,228	617,300
Dallas	950,000	695,000	1,033,000	1,073,000	952,000	955,000
St. Paul	236,160	750,000	961,284	890,000	610,000	625,000
Pittsburgh	935,600	738,000	794,000	953,000	631,000	639,500
Milwaukee	760,000	1,223,952	657,944	1,243,000	535,000	553,000
San Juan	160,204	220,000	402,400	383,000	612,592	418,500

[1] Reduction in New York amounts due to break up of Tri-State Regional Planning Commission in June 1981. Had the Commission remained intact, amounts received would have been: 1981: $5,115,056; 1982: $5,757,824; 1983: $5,768,000; 1984: $5,591,400; 1985: $5,471,000.

ALTERNATIVES ANALYSIS

Mr. **Lehman**. Last year it was indicated that the following alternatives analysis studies were to be completed during calendar year 1985: Boston (Orange line replacement); Columbus, Houston (southwest); Minneapolis (Southwest/University); New York (Queens); and San Diego (East Urban). Would you provide a summary of the conclusions of these studies for the record?

[The information follows:]

The Houston (Southwest) and San Diego (East Urban) alternatives analyses have been completed. In Houston, the Metropolitan Transit Authority selected a $98 milion, 8.5-mile, one land busway as its locally preferred alternative. The busway would occupy the median of the Southwest Freeway (U.S. 59) from a point north of West Bellfort Avenue to I-60, the West Loop. The preliminary engineering phase of project development, including a final environmental impact statement, was completed in October 1985, and the project is now in final design. Construction is expected to start this summer.

The San Diego Metropolitan Transit Development Board chose the LRT-El Cajon alternative following completion of its alternatives analysis. Their project involves an 11.1-mile, single track rail extension along the Arizona Eastern Railroad from the recently opened Euclid Station to El Cajon. The cost to build the rail extension and acquire the initial vehicle fleet is estimated at $87.5 million. The MTDB and UMTA are now preparing a final environmental impact statement for this project.

The Queens study in New York has not advanced since last year, when we reported that UMTA was awaiting local decisions on the priority of the local connection project in New York's capital program and on the non-Federal funding to be provided.

The alternatives analyses in Boston (Orange Line Replacement) and Columbus (North Corridor) are still underway. These studies could be completed by the end of 1986. The Minneapolis (Southwest/University Corridor) alternatives analysis is also underway but its completion has been delayed pending resolution of local issues.

ALTERNATIVE ANALYSIS STUDIES

Mr. **Lehman**. Would you update for the record the information on page 890 of last year's hearing record showing those cities that are undertaking alternative analysis or cost effectiveness studies, indicating which cities are the most advanced?

[The information follows:]

ESTIMATED COMPLETION DATES FOR CITIES IN ALTERNATIVES ANALYSIS

City (Corridor)	Draft Environmental Impact Statement	Preferred Alternative Report
Boston (Orange Line Replacement)	Fall, 1986	Winter, 1986–87
Cleveland (Dual Hub)	1987	1987
Columbus	Fall, 1986	Winter, 1986–87
Denver (North Central	Fall, 1986	Winter, 1986–87
Honolulu	Complete	1987
Milwaukee (Northwest)	Fall, 1986	1987
Minneapolis (Southwest/University)	(1)	(1)
San Francisco (No. Concord/Antioch)	1987	1987–88
San Jose (Fremont)	1987	1987–88

[1] Completion of this study has been indefinitely delayed pending resolution of local issues.

SPECIAL STUDIES

Mr. **Lehman**. Would you indicate for the record the special studies that you plan to complete during the balance of this calendar year?

[The information follows:]

We anticipate completing the following studies during the remainder of the calendar year:

KY-08-7003 ($130,000)—Public-Private Transit Institutional Linkages.

IL-08-0081/03 ($178,000)—LTI Chicago Fare Study.

LA-08-0088 ($125,000)—Evaluation of Taxis to Replace Fixed Route Service During Late Night Service.

MA-08-9018 (S262,337)—A Financial Planning Manual For Major Transit Capital Investment.

LA-08-0086 ($25,000)—Assessment of Kenner, LA Transit System: A Bus Priority Signal Timing and Preemption System.

IT-09-9018 ($40,000)—Planning and Design of Bus Maintenance Facilities Manual.

MI-09-7002 ($200,000)—Development of Simplified Accounting Procedures for Specialize Transportation.

ELDERLY AND HANDICAPPED

Mr. **Lehman**. Under your proposed budget you indicate that $35 million would be available for the 16(b)(2) elderly and handicapped program and that these funds would be distributed by administrative formula.

Would you explain how this formula operates?

Mr. **McManus**. This is a population based formula.

Mr. **Lehman**. Some areas have a lot more elderly like St. Petersburg, than with some other areas. Do you weigh those figures at all?

Mr. **McManus**. The allocation is made to the state, and it is based on the state's population.

Mr. **Lehman**. Some states have more elderly.

Mr. **McManus**. That is true.

Mr. **Lehman**. You do not provide for that?

Mr. **McManus**. The program resources are proportionate to the number of elderly and handicapped persons in the state with respect to the total number of such people in the United States.

Mr. **Lehman**. Would you provide a breakdown of the type of facilities and equipment purchased with these funds in fiscal year 1985?

[The information follows:]

During Fiscal Year 1985, 1,002 private non-profit agency recipients received funding for a total of 1,487 specially equipped vehicles to provide transportation for elderly and handicapped persons. Grants also provided for the purchase of ancillary two-way radio equipment.

Attached is a table which indicates the Section 16(b)(2) funds available, the number of recipients within each State and the number of vehicles purchased.

Section 16(b)(2) Expenditures

STATE	FY-85 Total Funds Available	FY-85 Funds Obligated	FY-85 Funds Remaining Unobligated	10-31-85 No. of Recipients	No. of Vehicles Purchased
REGION I					
CONNECTICUT	376,579	376.576	3	16	16
MAINE	222.817	222.816	1	8	8
MASSACHUSETTS	636,409	636,408	1	11	27
NEW HAMPSHIRE	195,540	195.540	0	5	6
RHODE ISLAND	361,900	361,900	0	8	9
VERMONT	165,473	165,468	5	10	10
TOTAL	1,958,798	1,958,788	10	50	76
REGION II					
NEW JERSEY	734,562	734.560	2	24	24
NEW YORK	1,680,000	1,680,000	0	38	59
VIRGIN ISLANDS	266.000		266,000	0	0
TOTAL	2,680.562	2.414.560	266,002	62	83
REGION III					
DELAWARE	166,957	166.957	0	9	10
DISTRICT COLUMBIA	189,000	189.000	0	6	8
MARYLAND	411,148	411.148	0	19	20
PENNSYLVANIA	1,464,204	1,464,204	0	30	54
VIRGINIA	510.000	510.000	0	16	35
WEST VIRGINIA	642,000	642.000	0	33	46
TOTAL	3,383,309	3,383,309	0	113	173
REGION IV					
ALABAMA	$510,000	508.404	$1,596	9	37
FLORIDA	1,666,544	1,662,652	3,892	34	90
GEORGIA	585.000	585.000	0	33	22
KENTUCKY	982.000	982.000	0	24	65
MISSISSIPPI	868.000	867,748	252	10	21
NORTH CAROLINA	960.300	960,300	0	23	50
PUERTO RICO	694,792	693,776	1,016	20	24
SOUTH CAROLINA	377,000	377,000	0	7	24
TENNESSEE	548.000	548,000	0	29	46
TOTAL	7,191,636	7,184,880	6,756	189	379
REGION V					
ILLINOIS	2,040,189	2,040,188	1	35	55
INDIANA	530,872	530,872	0	15	28
MICHIGAN	794,000	794,000	0	10	17
MINNESOTA	899,173	899,172	1	23	23
OHIO	1,926,000	1,926,000	0	59	60
WISCONSIN	552,105	552,104	1	8	27
TOTAL	6,742,339	6,742,336	3	150	210

REGION VI					
ARKANSAS	381,560	377,000	4,560	22	23
LOUISIANA	528,000	528,000	0	21	29
NEW MEXICO	344,732	344,732	0	27	28
OKLAHOMA	416,000	416,000	0	22	27
TEXAS	1,366,090	1,366,090	0	51	97
TOTAL	3,036,382	3,031,822	4,560	143	204
REGION VII					
IOWA	388,566	388,566	0	7	15
KANSAS	333,029	333,028	1	13	16
MISSOURI	696,616	696,616	0	28	44
NEBRASKA	530,000	530,000	0	20	31
TOTAL	1,948,211	1,948,210	1	68	106
REGION VIII					
COLORADO	299,054	299,052	2	9	11
MONTANA	182,781	182,780	1	7	7
NORTH DAKOTA	186,921	186,920	1	8	8
SOUTH DAKOTA	378,000	378,000	0	20	21
UTAH	201,088	201,088	0	7	8
WYOMING	151,254	151,252	2	6	6
TOTAL	1,399,098	1,399,092	6	57	61
REGION IX					
AMERICAN SAMOA	101,210	0	101,210	0	0
ARIZONA	343,196	343,196	0	22	22
CALIFORNIA	1,851,428	1,851,428	0	50	53
GUAM	131,000	0	131,000	0	0
HAWAII	357,829	357,828	1	14	16
NEVADA	171,674	171,672	2	7	12
NORTHERN MARIANAS	100,633	100,633	0	1	3
TOTAL	3,056,970	2,824,757	232,213	94	106
REGION X					
ALASKA	195,584	195,584	0	11	13
IDAHO	233,470	233,470	0	13	13
OREGON	335,207	335,207	0	11	17
WASHINGTON	425,126	425,126	0	33	46
	1,189,387	1,189,387	0	68	89
TOTAL	$32,586,692	$32,077,141	509,551	1,002	1,487

INNOVATIVE TECHNIQUES AND TECHNOLOGY INTRODUCTION

Mr. **Lehman**. Would any funding be available for the innovative techniques or technology introduction program in fiscal year 1987 under your proposed budget?

Mr. **Gimmler**. We have not specifically requested funds for those programs.

Mr. **Lehman**. What accomplishments can you point to from either of these programs?

Mr. **Gimmler**. I would like to submit that for the record.

[The information follows:]

Accomplishments for the past years' Innovative Techniques and Technology Introduction Program include:

Installation of a more easily maintained rail car brake system, first tested under the Innovative Technology Program on 50 rail cars at Washington METRO.

Expected adoption of a robotized paint shop, demonstrated under the Innovative Technology Program at the Long Island Railroad.

Midstate Regional Planning Agency (Connecticut) provided shared taxi rides to rural passengers. At the peak of the project, approximately 1,000 passenger trips per month were being provided.

SEPTA was able to sign on 33 employers to participate in a corporate transit pass program.

Michigan DOT was able to assist eleven transit operators in a statewide marketing effort to increase their patronage by an average of 6 to 8 percent.

MISCELLANEOUS ACCOUNTS

Mr. **Lehman**. On page 48, you indicate that you had $6,147,000 unobligated discretionary funds available under miscellaneous accounts as of September 30, 1985.

What is the current status of these funds?

[The information follows:]

The referenced funds are FY 1983 funds which expire at the end of FY 1986. As of March 31, 1986, $57,347 had been obligated from this account. We will apply the same careful scrutiny afforded candidate projects for Section 3 bus, rail modernization, and new systems funding to projects considered for funding using this resource. This funding will be fully obligated by the end of FY 1986.

RECOVERIES

Mr. **Lehman**. You also indicated that you had $77.5 million in recoveries of prior year obligations in these accounts during fiscal year 1985. Have you had any such recoveries to date during fiscal year 1986?

If so, would you indicate the amount and intended use of these funds?

[The information follows:]

Of the $2,884,564 recovered in Miscellaneous Accounts through March 31, 1986, we currently plan to obligate $2,283,228 for completion of a transit pedestrian mall project in April.

OUTSTANDING LOANS

Mr. **Lehman**. On page 49, you indicate that you had $748,000 in outstanding loans as of September 30, 1985, and that all of these loans would be repaid or forgiven during fiscal year 1986. Would you list these loans for the record and indicate when you expect to be repaid or to forgive these loans?

[The information follows:]

The outstanding loans as of September 30, 1985, were with the Southeastern Pennsylvania Transportation Authority (SEPTA) and totaled $748,000. They included project number PA03-9002 for $380,209 and project number PA03-9003 for $367,998.

During Fiscal Year 1986, SEPTA repaid $103,604 on PA03-9002 and $100,280 on PA0-39003, and is in the process of selling real property in order to fully settle the remaining loan balances. They expect to complete this by September 30, 1986. They are in full compliance with the terms and conditions of the loan agreements.

Questions Submitted by Hon. Lawrence Coughlin

Mr. LEHMAN. Mr. Coughlin has some additional questions for the record.

SECTION 18 FORMULA

Question. How adequately does the current formula for Section 18 meet the public transportation needs of smaller, nonurbanized communities?

Answer. The Section 18 program, since it began in 1979, has made available a total of $500 million for the establishment and support of public transportation systems in nonurbanized areas. Available funds are apportioned to the States by statutory formula based on each State's percentage of the Nation's nonurbanized population. From FY 1979 through FY 1982, the Section 18 program received a separate annual appropriation. With the passage of the STAA in 1982, the amount of funding available for the Section 18 program was established as a fixed percentage, 2.93, of the overall formula funding.

In the early start-up years of the Section 18 program, when there were fewer systems in existence, available funding was more than adequate to meet requirements. In recent years, however, rural transportation systems have become more stable components of many rural communities and small towns. Approximately 1,000 Section 18 recipients now provide transportation service to small towns and rural areas in all fifty States, Puerto Rico and the four territories. Annual obligation rates now significantly exceed annually appropriations, as States are using up carryover balances from previous years. As this is happening, the actual amount of funds available to States for obligation annually has been gradually declining while the number of systems have been increasing.

Section 18 supported systems attempt to provide a basis level of mobility for transit disadvantaged persons, such as the elderly, low income, handicapped, and others who do not have access to automobiles. The capital and operating assistance provided under Section 18 often serves to stablize a local system and allow it to coordinate other Federal funding, particularly from the Department of Health and Human Services, through purchase of service contracts.

In FY 1985, a total of $21 million of Section 9 funds was transferred to nonurbanized areas from urbanized areas under 200,000 population. These funds supplemented the Section 18 apportionments in the 13 States where there were unused Section 9 funds available for transfer. Other States have programmed all their available Section 18 resources, and have no Section 9 funds available for transfer.

EQUITABLE DISTRIBUTION OF FUNDS TO NONURBANIZED AREAS

Question. What changes in the current funding formula would you recommend to assure a more equitable distribution of Federal assistance and public transit service in nonurbanized areas?

Answer. The Administration's urban mobility block grant proposal would make funding available at the State level for either transit or highway needs. Decisions on how these funds would be allocated between urbanized and non-urbanized areas would then be made at the State level. We believe that our mobility block grant proposal would direct the appropriate level of funding to non-urbanized areas.

ELDERLY AND HANDICAPPED FUNDING IN NON-URBANIZED AREAS

Question. What proportion of Section 16(b)(2) funding for elderly and handicapped transportation is currently used to support specialized transportation is non-urbanized areas?

Answer. A survey of State applications indicates that approximately 60 percent of the private nonprofit organizations receiving Section 16(b)(2) assistance are in nonurbanized areas. The other 40 percent are in urbanized areas. However, urbanized area recipients receive approximately 55 percent of the funds. It should be noted that some private nonprofit agencies located in urbanized areas also provide service in outlying rural areas.

SECTION 3 CAPITAL ASSISTANCE

Question. How is the overall funding for capital assistance under Section 3 allocated between urbanized and non-urbanized areas?

Answer. Non-urbanized areas must compete with urbanized areas for Section 3 discretionary awards. However, before non-urbanized areas are eligible to compete for discretionary dollars, it must first be determined that no Section 18 or governor's apportionment (Section 9/5 formula) funds are available to finance the project. If it is determined that no alternative source of funding is forthcoming, non-urbanized areas will be considered with all other eligible candidates for Section 3 dollars. A non-urbanized area project will be evaluated against the bus priority list and compared with other projects within the same priority. Candidate projects are finally selected on the basis of priority ranking, outyear demand, and value of the project to the locality including degree of local support.

HUMAN SERVICE TRANSPORTATION

Question. It is my understanding that during the past year, UMTA and the Department of Health and Human Services (HHS) have established joint working groups to assist in the coordination of federal transit resources.

Can you inform the committee about specific progress that is being made in the identification of issues affecting the coordination of human services transportation within UMTA and HHS, and what initiatives are you planning to improve the use and coordination of these resources?

Answer. A joint UMTA-HHS working group has been meeting for the last several months to develop an overall strategy for addressing the coordination of funds spent on specialized transportation by both Departments. A preliminary list of issues has been identified and through various meetings the working group has also been soliciting input from transportation providers, and State human service and transportation officials. The working group has drafted a formal working agreement to be signed by the two departments which will formally establish a Joint Coordinating Council, define its goals and objectives, and identify key issues and activities to be addressed.

Question. Do you anticipate recommending amendments to existing federal legislation to improve coordination?

Answer. It is too early to predict whether the Joint Coordinating Council may recommend changes in Federal legislation. The Council will be reviewing all of the relevant programs of the two departments to determine where the major impediments to coordination lie. This review will identify statutory provisions as well as regulations and other policy guidance that may hinder efforts to coordinate resources.

Question. Do you plan to make a report to the Congress and the public about your accomplishments in this area?

Answer. We would certainly anticipate making available the findings and accomplishments of this initiative.

RESEARCH IN NONURBANIZED AREAS

Question. Can you identify for the committee UMTA-funded research activities aimed at improving transportation services in non-Urbanized Areas and for special populations such as the elderly and handicapped?

Answer. UMTA has funded a variety of projects aimed at improving these types of service. They include demonstrations of the use of volunteers to drive vans; integration of multiple services to assist the aging, day care and rural riders; mobility training for the visually and hearing impaired, inner-city paratransit service; improved marketing for rural services; improved management effectiveness of rural systems; assessment of private sector opportunities in rural South Carolina; coordinated rural transportation demonstration; and providing technical assistance to Section 18 transportation providers and HHS contract providers carrying elderly and handicapped.

Question. What proportion of UMTA's research budget is currently devoted to transit issues affecting non-Urbanized Areas?

Answer. Approximately seven percent of UMTA's research budget is currently devoted to transit issues affecting non-Urbanized Areas.

Question. It is my understanding that detailed information about public transportation in nonurbanized areas was omitted from the agency's report to Congress on the "Status of the Nation's Local Public Transportation," which was submitted in September 1984. Do you plan to increase the collection of data about rural and specilized transportation in the future, and will such information be included in subsequent reports to Congress?

Answer. At the time the 1984 status report was prepared for submission to Congress, detailed information about the nation's rural and specialized transportation systems was not available. Since that time, UMTA has sponsored the preparation of a "National Rural Specialized Transportation Directory" which will identify the more than 5,000 Section 18 and 16(b)(2) operators. The directory is expected to be published late this summer. It will provide certain limited information about these systems, such as their service and fleet characteristics and ridership estimates. Preliminary information from this effort is incorporated in the forthcomig 1986 report to Congress on the "Status of the Nation's Public Transportation." UMTA is currently exploring ways to maintain this valuable data base to keep it current and to expand the level of information available about rural and specialized transit systems.

Mr. **Lehman**. This concludes the UMTA hearing.

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